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PEOPLE The Rumors Are True... Bhatti Has 3rd Child

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The Clintons' White House

For Strong First Lady, New 'Domestic' Chores

By Michael Kelly New York Times Service

WASHINGTON — Breaking with a tradition that casts the first lady as a demure spokeswoman for good deeds, the new president's wife has emerged in public as the most important White House adviser on domestic issues.

Cabinet Gets Personal At Not-So-Wild Weekend

By Ann Devroy Washington Post Service

WASHINGTON — It was the evening program at Camp David, and President Bill Clinton gathered his cabinet and top aides together for a group exercise in what experts call "human resource development" conducted by two professional "facilitators."



FACE FROM THE PAST — A Russian soldier, still with the insignia of the defunct Soviet Union on his hat, wearing a gas mask Friday during chemical warfare training near Moscow.

Clinton Backs Off On Threat of Force In Bosnia, for Now

By Thomas L. Friedman New York Times Service

WASHINGTON — The Clinton administration has set aside for now the use of military force to resolve the Balkan crisis and is preparing instead a diplomatic effort to modify the peace plan for Bosnia to make it acceptable to the Muslims, according to administration officials.

U.S. Jobs Growth Fails to Set World Pace

By Lawrence Malkin International Herald Tribune

NEW YORK — Employment figures published Friday showed the United States stuck in what looked like a half-speed recovery that could set a pattern of slow job growth for Europe and even Japan when they start turning around.

Markets Cheer Loosening of Monetary Vise

Compiled by Our Staff From Dispatches LONDON — European stock markets surged Friday on a tide of euphoria prompted by the Bundesbank's interest rate cuts and weak currencies continued to recover.

The \$400 Cup: A Case History of a Failed East German Industry

By Marc Fisher Washington Post Service

FREITAL, Germany — Prince Alexander of Saxony and Christian Tassin, a sharp baron from Paris, were old boarding school chums looking to restore the luster of the prince's royal name, join in the historic effort to resurrect Eastern Germany and make a pile of money along the way.

state government, which bought the company and runs it as a subsidized cultural treasure. "I have an MBA, but you don't need an MBA here, you need a sorcerer's license," Mr. Tassin said.

Eastern Germany this year, particularly in labor-intensive industries. Investors complain that the rapid rise in wages leaves them with no incentive to operate in the East.

Smile! It's Really Grim Upbeat Ads Help Sell Misery Movies

By Janet Maslin New York Times Service

NEW YORK — Let's say your plane had just gone down in the Andes, forcing you to eat the pilot and spend 70 odd days in freezing cold. Would that be any reason for looking downbeat? Of course not, if you're a movie distributor determined to see the bright side, as movie distributors so often are.

Kiosk Mobutu Dismisses Rival, Blaming Him for Riots

GRADOLITE, Zaire (Combined Dispatches) — President Mobutu Sese Seko said Friday that he was dismissing his reform-minded prime minister, Etienne Tshisekedi, blaming him for riots in which scores died.



ANYTHING BUT RETIRING — Lord King showing displeasure with questions about his retirement as chairman of British Airways, five months earlier than planned and after disclosures of 'dirty tricks' against Virgin Atlantic. Page 9.

Market data table with columns: Dow Jones (Up 25.40), Trib Index (Up 0.46%), The Dollar (DM 1.6603), Pound (1.4445), Yen (124.40), FF (5.6125).

Business/Finance Japan's growing trade surplus may be a sign of weakness. Page 9. The Daily is the latest market challenge from Germany. Page 11. Money Report How to cut tax bills in the Clinton era. Pages 14-15. Crossword Page 18.

FIRST 100 DAYS /

POLITICAL NOTES

Old Cold War Spy Foes Go Into Business

WASHINGTON — A former senior officer at the supersensitive National Security Agency says he has signed a business agreement with his old KGB adversaries.

Gerard P. Burke, the former official, who now runs a consulting firm, said he had formed a partnership with the Association for Business Security in Moscow, which is run by former Soviet intelligence officers. The association is headed by Viktor Budanov, a retired major general and former chief of counterintelligence for the KGB's external spy services.

The security agency, where Mr. Burke served for 14 years as an assistant director, focuses largely on protecting secret U.S. government communications and in monitoring the communications of foreign governments. It attempts to devise unbreakable codes for the Americans and to decipher the encrypted messages of the others.

Mr. Burke said the new partners would provide a range of services, including couriers for money and precious metals, protection for business executives and their electronic communications, and investigations of prospective business partners in the former Soviet Union.

"We'll cooperate fully and use each other's offices," said Mr. Burke, whose firm specializes in guarding American companies against industrial espionage as well as threats from white-collar criminals and foreign government agents.

He said his company, Parvus, began several business operations in Russia last month, including executive, office and residential protection services, background inquiries, and an investigation of a fraudulent insurance claim in Moscow and St. Petersburg.

Mr. Budanov, reached by phone in Moscow, said he and his former colleagues in Soviet intelligence were becoming "more and more open" in their activities and were "trying to build a free market."

The former intelligence officer said his association included more than 40 firms employing former officers from a variety of Soviet spy services. Many of them were thrown out of work when the Soviet Union collapsed but have found new jobs offering protective services to the growing private sector. (WFP)

'Motor Voter' Bill Does a Victory Lap in House

WASHINGTON — The House has passed and sent to the Senate legislation to make it easier to register to vote.

The so-called "motor voter" bill would require most states to allow citizens to register when they apply for driver's licenses and unemployment or welfare benefits. Most states would have to permit registration by mail. States also would be required to register voters at other public facilities such as libraries and schools.

President Bill Clinton promised during the campaign to sign the bill, which the Senate plans to consider soon. Sponsors said the measure, which passed, 256 to 160, along party lines, would increase voter turnout.

It would take effect in 1995. States that must amend their constitutions would have an additional year to implement the new registration programs. (WFP)

Baker's (Abridged) Tale to Be Told to Putnam

WASHINGTON — G.P. Putnam has bought the rights to the memoirs of former Secretary of State James A. Baker 3d after intense bidding involving more than a half-dozen publishers.

"James Baker had a very distinguished career as secretary of state, and we're delighted to be working with him on what we know is going to be a very exciting book," the acquiring editor, Neil Nyrén, said Thursday night.

Mr. Baker will discuss the fall of the Soviet Union, the making of the coalition that fought the Gulf War, and his role in bringing together the Israelis and the Palestinians, among other topics. He is not expected to talk about his controversial stint as manager of George Bush's ill-fated re-election campaign last year.

Putnam is paying in the high six figures for rights to the book in North America, sources said. (WFP)

Quote-Unquote

Judge Kenneth Conboy, of the U.S. District Court in Manhattan, on his colleague, Judge Kimba M. Wood, who is said to be the president's choice for attorney general: "She has already more than prepared herself with five years on the bench presiding over a series of criminal cases. She'll have no problem being a leading prosecutor." (NYT)

Away From Politics

• About 400 cheering people greeted armed Coast Guardsmen answering a distress call about a hijacking when they boarded a merchant vessel about 1,500 miles southwest of Hawaii. The people — possibly smuggled immigrants — were crammed into the hold of the freighter East Wood near the Marshall Islands.

• The mass suspected of driving the getaway car in the \$8.2 million robbery of a Brooklyn armored car company in December turned in three confederates, gave away the hiding place of the bulk of the loot and confirmed what investigators had believed all along, that it was an inside job, U.S. officials said.

• A tyrannosaur fossil seized by the FBI in May from a South Dakota dealer belongs to the federal government, a U.S. district judge has ruled. The case centers on the most complete and best preserved tyrannosaur fossil ever found. The case is being closely watched by paleontologists, fossil dealers, museum officials and lawyers concerned about the legality of the removal of fossils from government land. The fossil was found on an Indian reservation.

• New details emerged on the deaths of a robber and the hostage he took in New York. These suggested that police officers were forced to fire because the gunman had been shooting at them during a four-block chase. In addition, the time that passed between the moment the gunman grabbed his hostage, Aurea Bonnie Vargas, a teacher, and the time they were shot by the officers was no more than 90 seconds, far less than originally thought, according to the police.

• Yale has named Richard Brodhead as dean of Yale College. He had been chairman of the English Department. With his appointment, Yale has filled the second of three top positions vacated in the spring amid controversy over budget and reorganization. The university named Judith Rodin, the former dean of the graduate school, as provost, and it is paring down a list of candidates for president.

• Premier Robert Bourassa of Quebec will be admitted to a hospital in the United States on Saturday to begin experimental cancer treatment by injections of the Interleukin-2 vaccine. (AP, NYT, Reuters)

President Signs Bill For Medical Job Leaves

By Robert C. Siner

WASHINGTON — President Bill Clinton marked the first legislative triumph of his presidency Friday, signing into law a bill that guarantees workers up to 12 weeks of unpaid leave a year to deal with family medical emergencies.

"I'm proud that the first bill I have to sign truly puts people first," Mr. Clinton told an approving crowd of invited guests at a Rose Garden ceremony.

The president used the nationally televised occasion to underline a campaign promise he fulfilled — just 16 days into his administration — and to make the point that with both ends of Pennsylvania Avenue in the hands of the Democrats, the deadlock between the president and Congress had been broken.

So did Vice President Al Gore, who said, "Today marks the end of gridlock and a new beginning."

But Mr. Clinton and Democratic congressional leaders emphasized the bipartisan nature of the bill and went out of their way to praise Republican members of Congress who were helpful in its passage.

While thanking Congress for "moving expeditiously" on the family-leave bill, Mr. Clinton reminded it that this was only a first step.

"There's a lot more we need to do," he said, including a budget that will "strengthen the economy and shrink the deficit," welfare reform, tougher enforcement of child support laws, and an increase in the income-tax credit and a universal child-immunization program.

The leave bill was sent to Mr. Clinton after the House gave final approval to the measure Thursday night by a vote of 247 to 152. The bill cleared the Senate earlier in the evening by a bipartisan vote of 71 to 27.

The House, which passed a similar bill late Wednesday night, had to take a second vote because the Senate version included a statement about homosexuals in the military.

That statement is a bland declaration backing two elements of the compromise between Mr. Clinton and Senator Sam Nunn, Democrat of Georgia, who is chairman of the Armed Services Committee, on the president's proposal to lift the ban on homosexuals in the military.

It endorses Mr. Clinton's order to the Defense Department last week to study the issue and its implications, and it directs the Senate panel to hold hearings on the issue, which Mr. Nunn had already announced he would do. But it lets stand the president's decision to stop asking prospective recruits whether they are homosexuals.

The family-leave bill was vetoed twice by President George Bush, who said it would impose unnecessary costs on businesses. It would require employers to give workers up to 12 weeks of unpaid leave to deal with birth, adoption or a serious illness affecting themselves or members of their immediate families. Employers would have to maintain health insurance coverage.

The bill, which would cover employees of companies with 50 or more workers as well as federal, state and local government employees, embraces about half of the nation's work force. It would take effect six months after it is signed by the president.

Akihito Plans U.S. Visit

Agency France-Press TOKYO — Japanese Emperor Akihito and Empress Michiko are to visit the United States next year, the Yomiuri Shimbun said Friday. The trip, expected to take place late next year, would be the first to the United States by a Japanese emperor since that of Hirohito in 1975.



Mr. Clinton shooting a hoop at a White House ceremony for women athletes. Watching were Lynette Woodward, left, the first female Harlem Globetrotter, and Nancy Hoghead, an Olympic swimmer.

HILLARY: Doing Domestic Chores for the Nation's Home, Not Her Own

(Continued from page 1)

had spoken on the telephone with at least a dozen senators.

Howard M. Metzenbaum, Democrat of Ohio, pronounced himself delighted with her.

"She's sharp, she's on the ball and I can't tell you what a real pleasure it is to be able to sit there with the wife of the president and have an open, warm conversation," he said. "To be able to sit there and talk about your concerns with her, and call her Hillary."

By her high-profile appearance, which had been placed on the public schedule and advertised by press aides for maximum attention, Mrs. Clinton signaled in a way official Washington cannot miss that she will be not only the person who shapes the most important element of the administration's domestic policy, but also the one who will attempt the complex matter of guiding it through Congress.

In the meeting with the Democratic senators, Mrs. Clinton sat at the head of a large horseshoe-shaped table flanked by Mr. Mitchell and Senator Edward M. Kennedy, Democrat of Massachusetts. She spoke for about five minutes, according to aides, in general terms about the administration's broad legislative goals, and about its willingness to work closely with congressional leadership to achieve those goals. For the rest of the meeting, which lasted less than an hour, she mostly listened, as various senators made their points.

In her remarks afterward, she stressed her intention to continue in the role as the administration's ambassador to Congress on this issue, praising the senators and saying that "on behalf of the president," she was "looking forward to working with them to come up with a piece of legislation."

She exhibited a feel for salesmanship in some of her comments. "I think that people know there's a problem," she said. "I mean people who have been denied health insurance because of a pre-existing condition, who cannot change jobs, because if they do they lose the insurance for their spouse or their child, people who are laid off and lose their benefits, people who are in the 100,000 Americans a month who lose their health insurance, people who have to wait in long lines to immunize their children. I think Americans know we have a problem."

Speaking to reporters later, White House aides left no doubt that Congress, and the public, would see more of the same in the coming weeks and months.

WEEKEND: Getting Personal

(Continued from page 1)

strongly emphasized, a participant said. If the Saturday session was unique to the Clinton administration, the Sunday session was not. All presidents seem to fret about leaks to the media, and Mr. Clinton is no different. One aide said Mr. Clinton was "more rabid on the subject than anyone you've seen in Washington in a long time."

Sources said the White House communications director, George Stephanopoulos, read newspaper stories that displeased him and suggested, one participant said, "that policy options should not be debated in the newspapers."

Another called the performance "an unmistakable message not to talk to you guys."

The message was clear enough to Paul Begala, a campaign adviser. Asked about the weekend, he said: "That was probably the first and last time in my whole life I will be at Camp David. I will tell you only one thing, one thing about it. I stole a coffee cup."

Mr. Begala said he wanted a souvenir and "the president said it was all right."

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Counterview on Reach of AIDS

U.S. Study Suggests Disease Won't Touch All of Society

By James Gerstenzang

Los Angeles Times Service

WASHINGTON — Disputing the widely held belief that the AIDS epidemic will eventually reach deeply into all elements of American society, a study by the National Research Council has determined that the disease will have only limited impact on much of the nation.

Fewer segments of the population will ultimately be touched by the disease because it is concentrated in "socially marginalized" groups, said the report, drawn up for the National Academy of Sciences by a panel of experts representing such diverse disciplines as public health, sociology, and religion.

The report predicted the epidemic would "disappear" not as a result of medical advances, "but because those who continue to be affected by it are socially invisible, beyond the sight and attention of the majority population." The findings were not meant to suggest that AIDS should be treated

less seriously by health and government officials or the public. Rather, the report sought to analyze the actual effects of the disease and to measure them against the predictions made by health professionals and AIDS activists as the disease emerged in the United States.

"Predictions of the imminent collapse of the health care system due to the epidemic, for example, now look shrill," the report said. But conversely, it said, "hopes that the epidemic would force the country toward more rational and equitable reform of the system now also seem unrealistic."

The study was based to a large extent on studies of the AIDS impact on New York City, which it called "one epicenter of the epidemic." Although "certain confined areas and populations have been devastated and are likely to continue to be," the report said, "many geographical areas and strata of the population are virtually untouched by the epidemic and probably never will be." "Instead of spreading out to the

broad American population, as once feared, HIV is concentrating in pools of persons who are also caught in the "synergism of plagues": poverty, poor health and lack of health care, inadequate education, joblessness, hopelessness and social disintegration converging to ravage personal and social life," the report said.

Although reluctant to comment extensively because she had not seen the study, Dr. June Osborn, chairwoman of the National Commission on AIDS, said that although the National Research Council "characteristically does things carefully it sounds like things have gone awry."

It is difficult to understand, she said, that "an epidemic that will kill one and a half million people" will have an impact that "is less than we thought."

"It's going to take a lot to shake me from the conclusion" that the impact of the disease will not be widely felt, said Dr. Osborn, who is dean of the School of Public Health at the University of Michigan.

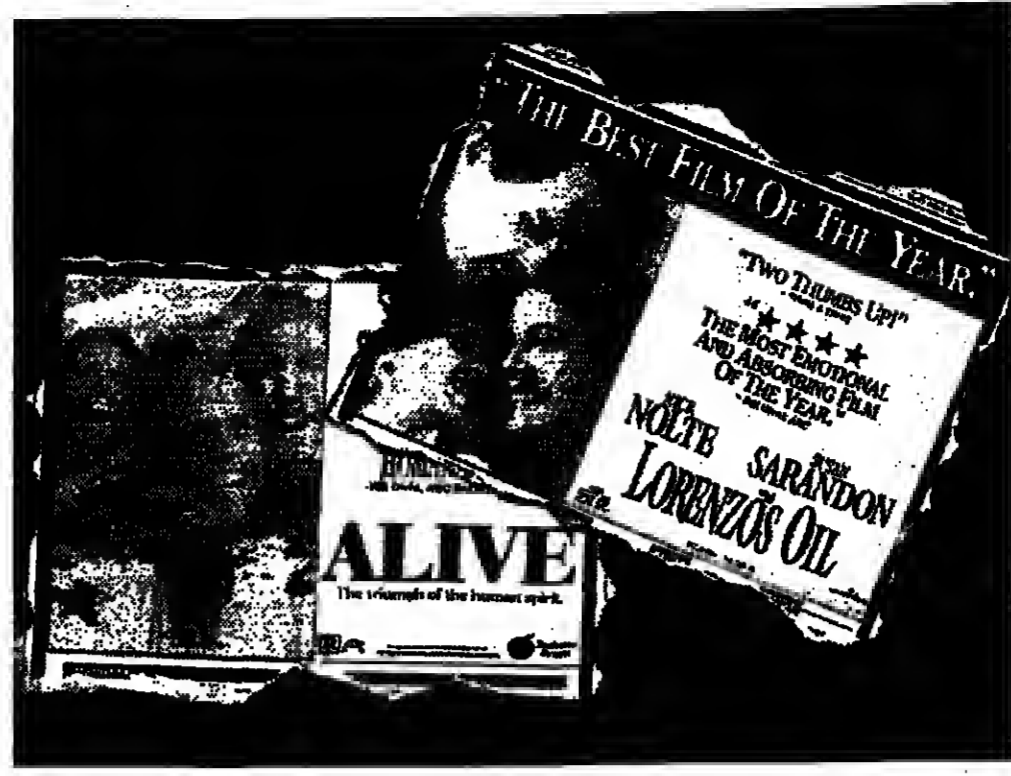
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Clinton May Ditch 2 Pet Science Projects

WASHINGTON — Anxious to find more ways to cut the federal budget as part of its economic program, the Clinton administration is considering scrapping two of the nation's premier science projects, the space station and the superconducting supercollider, administration officials said Friday.

To do that, the budget director, Leon E. Panetta, wants to cut two dollars in government spending for every dollar that the administration tries to raise in new taxes. That would mean cutting about \$100 million in spending by 1997. To accomplish that requires draconian measures, and the cutting of pet projects like the space station and the supercollider.



SMILES: Movie Ads Make Film Misery Look Like Fun

(Continued from page 1)

ailments that loom large in the films themselves. The image of a dancing Al Pacino for "Scent of a Woman" hardly suggests that the character is sharp-tongued, suicidal and blind.

"Peter's Friends" belie the fact that one of them is fatally ill. Then there's Mel Gibson, who will suffer great heartbreak and age strangely in "Forever Young."

phemic as this. Is there any reason to think that movie distributors do? Sure, when confronted with the like, distributors do face a certain creative challenge, but couldn't that challenge be met in more straightforward ways?

Back Plan For Bosnia, Germany Tells U.S.

WASHINGTON — Foreign Minister Klaus Kinkel of Germany has urged President Bill Clinton to accept the peace plan for Bosnia being worked out by international mediators and appealed for close cooperation with Germany on assisting Russia and other East European countries.

"I underscored that it is the last chance we have to bring about a solution by peaceful means," he said. "He warned that there might be 'negative consequences' if the plan was not accepted, but he acknowledged that some skepticism about it was justified."

Alexander Schneider, Violinist, Dies

New York Times Service NEW YORK — Alexander Schneider, 84, the violinist, conductor and teacher who was one of the last links with the Romantic tradition and a mentor to several generations of American musicians, died of heart failure Tuesday at his home here.

A member of the Budapest Quartet during its greatest years, a close friend and colleague of Pablo Casals, Rudolf Serkin's and Mieczyslaw Horowitz's, he devoted the better part of his life to passing on his experience. The young musicians who came into contact with Mr. Schneider numbered in the tens of thousands.

Mr. Schneider, born in Lithuania, educated in Europe and a U.S. citizen for nearly half a century, followed early success as the second violinist in the Budapest Quartet with a long and varied career as a performer and teacher.

BOSNIA: U.S. Backs Off

(Continued from page 1) defensive for the way in which it has distanced itself from the Vance-Owen initiative without having an alternative of its own. Administration officials are now trying to signal that they do have an alternative in the making, while appealing for time to complete it properly.

Fighting on Several Fronts As Muslims Hit Serb Lines

Compiled by Our Staff From Dispatches ZAGREB, Croatia — Bosnia's warring ethnic factions battled Friday on several fronts around the republic.

relieve near-starvation elsewhere in Bosnia. Peter Kessler of the UN High Commissioner for Refugees in Croatia described the relief effort as the largest in weeks.

Yellow Fever in Kenya

GENEVA — An outbreak of yellow fever in Kenya has killed at least 60 people, the World Health Organization said Friday. The agency said it was sending vaccines to start a mass immunization program next week for what it said was probably the first outbreak of the disease in Kenya in 50 years.

RELIGIOUS SERVICES. AMSTERDAM: CROSSROADS INTERNATIONAL CHURCH. BARCELONA: INTERNATIONAL BAPTIST CHURCH. BREMEN: INTERNATIONAL BAPTIST CHURCH. BUCHAREST: INTERNATIONAL BAPTIST CHURCH. COTE D'AZUR: CORNERSTONE CHRISTIAN FELLOWSHIP. FRANKFURT: CHRIST THE KING. MADRID: COMMUNITY CHURCH. MUNICH: INTERNATIONAL COMMUNITY CHURCH. MONTE CARLO: INT'L FELLOWSHIP. PARIS AND SUBURBS: THE AMERICAN CATHEDRAL. ST. PAUL: INTERNATIONAL LUTHERAN CHURCH. AMSTERDAM: EUROPEAN BAPTIST CONVENTION. HAMBURG: INTERNATIONAL BAPTIST CHURCH. HOLLAND: TRINITY BAPTIST CHURCH. KRAKOW: INTERNATIONAL BAPTIST FELLOWSHIP. MUMBAI: INTERNATIONAL BAPTIST CHURCH. PARIS AND SUBURBS: EMANUEL BAPTIST CHURCH. VIENNA: VIENNA COMMUNITY CHURCH.

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سكوا للأعمال

Back Plan For Bosnia Germany Tells U.S. BOSNIA U.S. Bucks...

Israelis List 101 Deportees

Group Rejects A Partial Return

Compiled by Our Staff From Dispatches JERUSALEM — Israel gave the Red Cross a list Friday naming 101 Palestinians...

A Foreign Ministry spokesman said Mr. Christopher wanted the talks, which have been suspended since the deportations...

If some of the men do agree to return, they would be brought to Israeli jails or detention centers...

Mobs Assail Marines in Mogadishu

By Molly Moore Washington Post Service MOGADISHU, Somalia — A mob of Somali men attacked several U.S. Marines with rocks...

The mob, in which the crowd of Somalis injured two Marines, was the largest show of outright hostility yet against U.S. forces in Mogadishu...

Marines attempted to play down the demonstration, describing it as an "isolated" instance. They said the belligerence of the crowd likely was heightened by the afternoon ritual among Somali men...



AMERICANS IN THEIR OWN LAND — Filipinos who fought alongside U.S. troops in World War II taking the oath of citizenship...

Peace Plan for Cambodia 'Is Dead,' an Adviser to EC Says

PHNOM PENH — Cambodia's comprehensive peace plan is defunct, and war with the Khmer Rouge is inevitable...

Bonn Probes France's Jews Welcome a Remembrance

By Alan Riding New York Times Service PARIS — Often criticized for refusing to apologize for the deportation of Jews from France during World War II...

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Advertisement for Sprint Express featuring a hand holding multiple international calling cards and a map of the world.

Table listing Sprint Express access numbers for various countries including Argentina, Australia, Austria, Belgium, Bermuda, Bolivia, Brazil, Canada, Chile, China, Colombia, Cuba, Denmark, Dominican Republic, Ecuador, El Salvador, Finland, France, Germany, Guatemala, Hong Kong, India, Italy, Japan, Korea, Kuwait, Malaysia, Mexico, New Zealand, Norway, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Russia, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, U.S., and Venezuela.

New Constitution for Japan? A Thirst for Change Faces Strong Resistance

By T.R. Reid Washington Post Service TOKYO — If you were asked to list the best-loved passages in modern Japanese writing, the choices would likely include the first lines of the Nobel laureate Yasunari Kawabata's novel "Snow Country"...

The prime minister also has to contend with outside pressure — always an important motive force here — pushing for amendment. Japan, the second-largest financial contributor to the United Nations, feels that its current stature has earned it a permanent seat on the Security Council...

Starting next week, the dominant Liberal-Democratic Party will hold a series of hearings asking people from various facets of Japanese society to describe any changes they would like to see.

Leaders of the two biggest opposition parties have endorsed at least the concept of change — reversing traditional party positions. Surprisingly, the drive for change seems to be acceptable to most of the Japanese people.

Advertisement for GENTLEMAN GIVENCHY featuring a portrait of a man and the text '56, rue François Ier, 75008 Paris (Corner rue Lincoln) Tel. (1) 40 76 00 21'.

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Cutting Widely and Fairly

The Clinton administration is headed in the right direction with two of its major plans for reducing the federal budget deficit — a sharp cut in defense spending and a reduction in Social Security costs. But the administration cannot afford to flinch as it confronts two of the nation's most powerful interest groups, the military and the elderly.

Great Notions, Real Costs

During his campaign, President Bill Clinton liked to say that investing in his college loan/national service program would amount to "the best money we will ever spend." Unfortunately, Mr. Clinton has discovered that the money is not there.

On a Crowded Plank

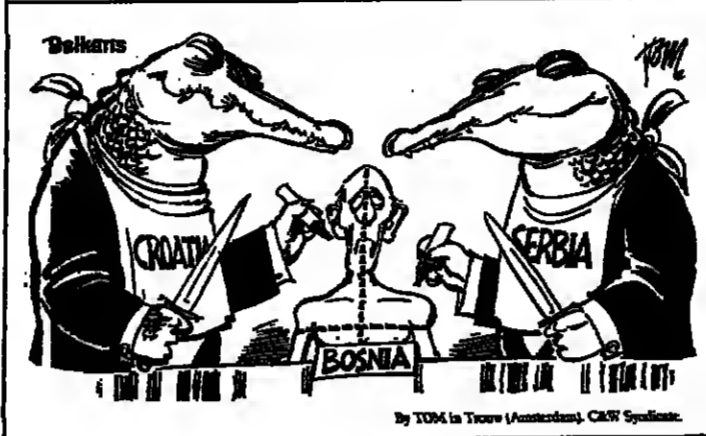
Baseball claims a special place in America's sporting heart. It also claims special dispensations, including exemptions from the antitrust laws. By any rule of reason, it therefore has a special obligation to behave in the national interest.

Their Plan Could Bring an Honorable Peace

By A. M. Rosenthal

UNITED NATIONS, New York — When everybody is screaming nobody is listening. Rarely have so many American commentators, editorial writers and think-tankers screamed so loud and bitterly at any Western diplomats as they are doing at Cyrus Vance and Lord Owen.

Weapons power. Now they rosin with knives in their teeth. I assume most act out of horror for the atrocities visited upon the Muslims by Serbs.



By TOMA IN TROV (Amsterdam), CNA Syndicate

Owen Is Persuasive, but Bosnia Is a Complicated Place

By Anthony Lewis

NEW YORK — Lord Owen got a rousing reception when he came to New York this week to sell his and Cyrus Vance's peace plan for Bosnia.

And that is incompatible with military intervention. The Serbs would respond to intervention by blocking relief convoys and shooting down the slow supply planes.

Dusting Off the Locomotive, Clinton in the Cab

By Hobart Rowen

WASHINGTON — Not a moment too soon, President Bill Clinton has decided that an exploratory meeting of the Group of Seven finance ministers and central bankers is essential to cope with what Michel Camdessus, boss of the International Monetary Fund, has called a global "crisis of confidence."

diminished hopes for European integration should force European attention to the benefits of global prosperity. And one intangible that may favor further relaxation of tight money in Germany is that Mr. Schöcherl is due to retire later this year.

Spies and Courts: Should They Work Together?

By David L. Boren and Dennis DeConcini

WASHINGTON — Two well-connected arms merchants have a long lunch in a foreign capital. As they wait for the check, Merchant X turns to Merchant Y and says, "I'm confident that the Banca Nazionale del Lavoro in Rome knew about the illegal loans to Iraq from its Atlanta branch."

Mr. Boren, Democrat of Oklahoma, is a former chairman of the Senate intelligence committee. Mr. DeConcini, Democrat of Arizona, is the current chairman.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Unrest in Somalia

ZANZIBAR — According to intelligence received here, much dissatisfaction prevails among the Somalis at the north of the British East Africa Company's coast line.

1918: Revolt Is Doubtful

NEW YORK — Mr. James W. Gerard, the former American Ambassador in Berlin, said he doubted the veracity of the Berlin strike reports.

Consider The Slavic Connection

By William Pfaff

PARIS — A serious and understated aspect of what goes on in the Balkans and in Russia is the rise of pan-Slavism. The Russian authorities have recently made known their increasing uneasiness about the potential political consequences in Russia of any Western military intervention against the Serbs in Yugoslavia.

Some extreme figures in Russia already demand active Russian intervention on Serbia's side. They are part of a movement that sees Russia's future in the reuniting of Russians outside the country's present borders into a new Greater Russia, and then extending Russian protection and alliance to the Slavs of Eastern Europe.

As Russia became more important, the emergent Slavic peoples of Eastern Europe looked to Moscow for protection and support. It was, of course, Russia's intervention in support of Serbia against Austria-Hungary in 1914 that turned what began as an Austrian punishment of Serbia into World War I.

In Russia itself, from the time of Peter the Great, the debate has gone on as to whether Russians should accept advanced Western models of economy and political organization, or whether the Slavic and Russian spirit requires rejection of the West and the pursuit of a unique destiny.

For this reason the Yugoslav crisis has been an unneeded and unwanted complication to the West's relations with Moscow. It is tempting to reject the pan-Slavs in Russia as sinister but trivial people. They certainly are marginal figures today, so far as political influence is concerned.

1943: Shake-Up in Italy

PARIS — [From our New York edition:] Premier Benito Mussolini of Italy, in a housecleaning following the loss of Italy's African empire yesterday [Feb. 5] ousted his Foreign Minister son-in-law, Count Galeazzo Ciano, who at one time was considered Il Duce's probable successor.

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairman LEE W. HUBNER, Publisher JOHN VINCIGUERRA, Executive Editor WALTER WELLS, News Editor SAMUEL A. BENTON, Managing Editor CHARLES MITCHELL, Deputy Editor CARL GEWIRTZ, Associate Editor ROBERT J. DONAHUE, Editor of the Editorial Pages REGINALD DALE, Economic and Financial Editor RENÉ BONDY, Deputy Publisher RICHARD H. MORGAN, Associate Publisher JUANITA L. CASPARI, International Advertising Director ROBERT FARRAR, Circulation Director Europe International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France. Tel.: (1) 46.37.93.00. Telex: Circulation, 612832; Production, 630698. Directeur de la Publication: Richard D. Simmons Chairman from 1954 to 1992: John Hey Whitney Editor for Asia: Michael Richardson, 5 Cantonment Rd., Singapore 0511. Tel. 472-7768. Telex R556928. Editor for Africa: Rolf D. Krone, 50 Gloucester Rd., Hong Kong. Tel. 861016. Telex 61170. Editor for U.K.: Garry Thorne, 63 Long Acre, London WC2E. Tel. 836-4802. Telex 262009. Editor for Germany: W. Lauterbach, Friedrichstr. 15, 1000 Frankfurt/M. Tel. (059) 726753. Telex 416721. Editor for U.S.: Michael Cowley, 829 Third Ave., New York, N.Y. 10022. Tel. (212) 752-3890. Telex 427175. S.A. un capital de 1.200.000 F. RCS Nanterre B 7320212A. Commission Paritaire No. 61357 © 1992, International Herald Tribune. All rights reserved. ISSN: 0244-9932

سوريا من الامم

NYSE

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

High Low Bid Ask

Table of NYSE stock prices including columns for High, Low, Bid, and Ask prices for various securities.

Table of NYSE stock prices, likely representing the main body of the market data.

Table of NYSE stock prices, likely representing the second main body of market data.

Table of NYSE stock prices, likely representing the third main body of market data.

Table of NYSE stock prices, likely representing the fourth main body of market data.

Table of NYSE stock prices, likely representing the fifth main body of market data.

Table of NYSE stock prices, likely representing the sixth main body of market data.

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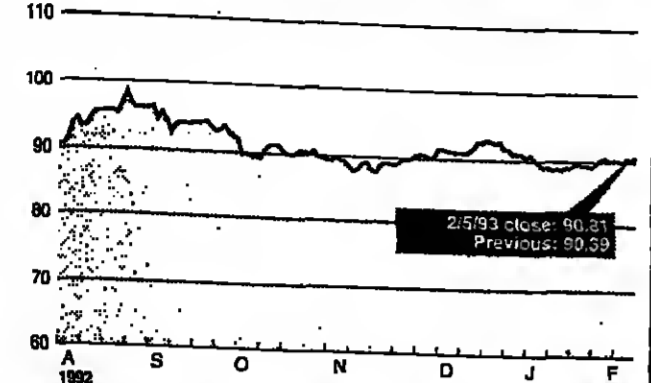
Foreign Rates

Other Dollar Values

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THE TRIB INDEX: 90.81



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia...

Table with 3 columns: Asia/Pacific, Europe, N. America. Includes sub-tables for Industrial Sectors.

For readers desiring more information about the International Herald Tribune World Stock Index...

Japan's Surplus Masks Weakness

By Paul Blustein
Washington Post Service
TOKYO — For the second time in two weeks, Japan released figures Friday showing that its trade surplus surged to record levels last year.

But the main reason for the increase in the surplus is the recession that Japan is undergoing, according to Japanese officials, independent economists and Western diplomats.

"There is no export drive," said Robert Feldman, chief economist at Salomon Brothers Asia Ltd. He noted that Japan's export volume figures actually grew weaker as the slump deepened late last year.

Kodak Cuts: Giving Foreigners a Bad Name?

By Andrew Pollack
New York Times Service
TOKYO — When Eastman Kodak Co. opened its laboratory in Yokohama in 1988, it was in the vanguard of a movement by U.S. companies to expand research and development in Japan.

Now Kodak is sharply cutting back on its research activities in Japan. The Yokohama laboratory is seeking voluntary resignations from 70 of the 110 researchers and Kodak told eight college students that it had already agreed to hire that it would not have jobs for them.

And some have tried to appear Japanese in offering security and having largely Japanese staffs. In Kodak's case, virtually all the researchers in Yokohama are Japanese, although the head of the laboratory is an American.

Lord King Bows Out Early at British Air

By Richard W. Stevenson
New York Times Service
LONDON — British Airways said that its chairman, Lord King, had stepped down on Friday, five months earlier than planned, and that he had been succeeded by Sir Colin Marshall, the airline's chief executive.

Despite the company's successes under Lord King, including its recent deals to take stakes in the USAir Group and Qantas, its image has been badly tarnished by the revelations about its aggressive campaign against Virgin.

British Airways also said it would increase the number of outside directors, who currently make up half of the 10-member board. It said no decision had been made on how many outside directors would be added.

ECONOMIC SCENE

Commerce Appointment Marks Tough U.S. Stance

By John Markoff
New York Times Service
SAN FRANCISCO — When President Bill Clinton announced the appointment of a supercomputer industry veteran, John A. Rollwagen, as deputy secretary of Commerce last Friday, the move alarmed at least one group: the Japanese.

As chief executive of Cray Research Inc., the dominant producer of supercomputers, Mr. Rollwagen has spent several years jousting with the Japanese government and with computer executives and the news media in Japan, as he has put pressure on that country to open its markets to his company's machines.

Now, after 19 years at Cray Research, the last three as chairman, Mr. Rollwagen is shifting from selling supercomputers to becoming a government policymaker on technology and trade issues.

Perhaps the clearest sign of Mr. Rollwagen's intentions in his new job came in a letter to employees announcing his resignation from Cray Research. "Whether we like it or not," he said, "our country is in an economic war."

The appointment has been greeted particularly warmly in Silicon Valley, where there has long been concern that the government has been ineffective at supporting embattled high-technology companies facing foreign competitors.

Transforming the agency into the "technology powerhouse" that Mr. Clinton's campaign envisioned in order to build a national system of high-speed computer networks, and nurturing commercial technology development, will require deft leadership from Mr. Rollwagen, a business outsider who must overcome long-entrenched and powerful Washington interests.

Mr. Clinton said Commerce Secretary Ronald H. Brown has both said that they intend to direct the administration's technology policy from the Commerce Department, and that in the future the agency will become more of a player in setting the government's agenda.

American Air Weighs Returning Planes to Airbus

Compiled by Our Staff From Dispatches
NAPLES, Florida — Loss-plagued American Airlines is considering returning more than two dozen jetliners to Airbus Industrial and closing two hubs, moves that could lead to big layoffs, top executives of the airline said Friday.

Mr. Crandall said American would not renew any expiring leases on Boeing 727s, and 65 of the short-haul jets are not covered by the Boeing Co.'s top competitor in the world's airlines.

The disarray in the airline industry stretches to nearly all the top carriers. United Airlines' parent company, UAL Corp., had a \$957 million loss last year.

"We will very likely become a smaller airline — not overnight, but eventually," said Chairman Robert I. Crandall, who disappeared in 1992 as "loopy" and "a truly awful year."

American Airlines is also considering closing unprofitable hubs in San Jose, California, and Raleigh-Durham, North Carolina.

Other airlines, like TWA and Continental Airlines, are operating under bankruptcy court protection, a source of annoyance to American, United and Delta Air Lines.

Their comments on possible fleet reduction helped the stock of American's parent, AMR Inc., rise \$1 a share to close at \$65.375 on the New York Stock Exchange.

Job Losses Cloud Joy of Lower German Rates

By Brandon Mitchener
International Herald Tribune
FRANKFURT — Bundesbank and government officials on Friday welcomed signs of a positive shift in Germany's long-term economic prospects even as a dramatic rise in unemployment made it impossible for them to trumpet any short-term turnaround.

The number of unemployed in all of Germany rose more than 10 percent to 3.45 million in January, from 3.12 million in December, due to winter weather, a weak economy and an expanding labor pool, said Bernhard Jagoda, head of the Federal Labor Office in Nuremberg.

The bleak unemployment data came in sharp contrast to hopes expressed elsewhere that an unexpectedly early cut in German interest rates and a moderate wage settlement for public-sector workers would help pull the once-mighty economy out of its slump.

"In the last few days, with the agreement by the states and what happened yesterday at the Bundesbank and in the pay talks, many things have become easier," said Mr. Rexrodt. "This would be a very important signal that this society is able to achieve a consensus in a difficult situation."

On Thursday, the Bundesbank cut its discount rate to 8 percent and Lombard rate to 9 percent, while Germany's two main public-sector unions agreed to accept a 3 percent wage increase, which amounts to a decline when adjusted for inflation.

Günter Rexrodt, the new German economics minister, said he hoped the rate cuts and the pay deal would pave the way for a turnaround in the economy in 1993. They could also breathe new life into Chancellor Helmut Kohl's ambitions to bring a solidarity pact to a successful conclusion next month, he said.

EC Seeks a Secrets-Keeper

BRUSSELS — Wanted for key EC task, person with brisk telephone manner and ability to say "no comment" to all and any questions including whether own job actually exists. Occasional night work, including weekends.

The person, who will replace Andreas Kees on his retirement in the next two months, will have to do his or her best to keep secret the timing and location of even the committee's routine monthly meetings. Emergency gatherings, such as last Saturday's meeting to devalue the Irish punt, are cloaked in still greater secrecy.

CURRENCY & INTEREST RATES

Table with multiple columns: Cross Rates, Eurocurrency Deposits, Key Money Rates, Forward Rates. Includes various financial data points.

Table with multiple columns: United States, Eurocurrency Deposits, Key Money Rates. Includes various financial data points.

KIO Spanish Data Stolen

MADRID — Finance Minister Carlos Solchaga said Friday that transaction records of the troubled Kuwait Investment Office in Spain had been stolen from government offices.

The ST. PETERSBURG NEWSLETTER. A RICH SOURCE OF INFORMATION FOR INDUSTRIAL GROUPS WHO MAKE OR WANT TO MAKE BUSINESS WITH RUSSIA. Includes contact information for Link Ltd.

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MARKET DIARY

Employment Data Leave Dollar Flat

Compiled by Our Staff From Dispatches LONDON — The dollar slipped Friday in Europe as news of a 108,000 rise in U.S. nonfarm payrolls in January failed to inspire fresh optimism about the economic outlook, traders said.

Investors who had ridden the 6 percent rise of the dollar against the Deutsche mark since the beginning of last week were encouraged to cash in those gains when the employment report provided no fresh news, analysts said.

The dollar crept down to 1.6550 DM in late London trading from 1.6558 on Thursday. The U.S. currency softened to 1.5294 Swiss francs from 1.5325 and to 5.5610 French francs from 5.6375. The pound firmed to \$1.4475 from \$1.4435.

Foreign Exchange

the Deutsche mark since the beginning of last week were encouraged to cash in those gains when the employment report provided no fresh news, analysts said.

JOBS: Pace of Growth Looks Weak

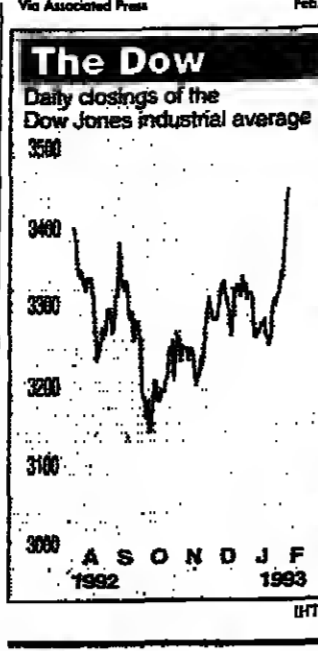
(Continued from page 1) David Wynn of DRI/McGraw Hill said: "This is the lesson of the last recovery for Europe, and it will be the lesson for this one, even in Japan. Employment gains will be hard to come by, and manufacturing will not be a major job creator because it is migrating south to places like Brazil and Southeast Asia. The new jobs are in high technology areas like pharmaceuticals and information technology. Europe has not come to terms with this and is still trying to protect its industries."

N.Y. Stocks

weather elsewhere after several mild winters, and the end of the initial cleanup after Hurricane Andrew. Beyond these one-month numbers lies a story of increasing productivity for the United States that was bought at a wrenching cost in corporate reorganization that shows up in leaner work force. To focus on durable goods alone, production workers now put in a total of 1 percent fewer hours than they did in 1982, and during the following decade total industrial production rose about 20 percent.

WORLD STOCK MARKETS

Table of world stock markets including Amsterdam, Helsinki, Hong Kong, Brussels, Frankfurt, London, Johannesburg, Sao Paulo, Singapore, Stockholm, and Montreal.



The Dow Jones industrial average 3500

NYSE Most Actives

Table listing NYSE most active stocks with columns for Volume, High, Low, Last, and Change.

AMEX Most Actives

Table listing AMEX most active stocks with columns for Volume, High, Low, Last, and Change.

NYSE Diary

Table listing NYSE diary items with columns for Date, Description, and Price.

Amex Diary

Table listing Amex diary items with columns for Date, Description, and Price.

NASDAQ Diary

Table listing NASDAQ diary items with columns for Date, Description, and Price.

Dow Jones Averages

Table showing Dow Jones averages for Industrials, Transp., and Comp. with columns for Open, High, Low, Last, and Chg.

Standard & Poor's Indexes

Table showing Standard & Poor's indexes for Industrials, Transp., and Comp. with columns for High, Low, Close, and Chg.

NYSE Indexes

Table showing NYSE indexes for Composite, Industrials, Transp., and Finance with columns for High, Low, Close, and Chg.

NASDAQ Indexes

Table showing NASDAQ indexes for Composite, Industrials, Transp., and Finance with columns for High, Low, Close, and Chg.

AMEX Stock Index

Table showing AMEX stock index with columns for High, Low, Close, and Chg.

Dow Jones Bond Averages

Table showing Dow Jones bond averages for 20 Bonds, 100 Industrials, and 100 Financials with columns for Close and Chg.

Market Sales

Table showing market sales for NYSE and AMEX with columns for Volume and Value.

N.Y.S.E. Odd-Lot Trading

Table showing N.Y.S.E. odd-lot trading with columns for Buy, Sell, and Volume.

S&P 100 Index Options

Table showing S&P 100 index options with columns for Strike, Call, Put, and Volume.

EUROPEAN FUTURES

Table showing European futures for Food, Industrial, and Metals with columns for Class, High, Low, Prev. Close, and Change.

U.S. FUTURES

Table showing U.S. futures for Grains, Soybeans, and Metals with columns for Season, High, Low, Open, High, Low, Close, and Chg.

Oil Prices Lose Steam Again

LONDON — Oil prices ended the week slightly lower as Kuwait staked a claim Friday to a bigger share of OPEC output and as profit-taking took the wind out of Thursday's rally. The price of West Texas Intermediate crude fell 9 cents to \$20.21 while futures for North Sea Brent bled slipped in London by a few cents to about \$18.50 a barrel late Friday.

U.S. FUTURES

Table showing U.S. futures for Grains, Soybeans, and Metals with columns for Season, High, Low, Open, High, Low, Close, and Chg.

U.S. / AT THE CLOSE

WASHINGTON (Combined Dispatches) — After meeting behind closed doors all morning, the Federal Trade Commission refrained Friday from taking any disciplinary action against Microsoft Corp. concerning allegations about unfair competition, while three franchise analysts played down the FTC investigation.

Is Microsoft Off the Hook?

The agency indicated that it would meet again on the issue and that Microsoft was not yet off the hook. Microsoft has been the object of a marathon investigation that began two-and-a-half years ago.

Morgan Stanley in Property Swap

NEW YORK (Bloomberg) — Morgan Stanley & Co. has completed what is believed to be the first real-estate swap with a major U.S. corporate pension fund, sources close to the transaction said Friday.

Owens-Corning to Reopen Plant

TOLEDO, Ohio (UPI) — Owens-Corning Fiberglas Corp. said Friday it would reopen its Jackson, Tennessee facility in April and initially employ 80 people to manufacture fiberglass strands used in the production of wet-process mat for roofing products and other applications.

For the Record

U.S. consumer installment credit soared at an annual rate of 4.1 percent in December to \$725.9 billion, the Federal Reserve Board reported Friday, as consumers borrowed heavily to buy cars. It was the fastest rate in nearly two years and the fourth straight monthly rise.

Table showing U.S. futures for Grains, Soybeans, and Metals with columns for Season, High, Low, Open, High, Low, Close, and Chg.

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Large vertical advertisement on the right edge of the page, partially cut off, with text including 'Bully New C' and 'JOBLE'.

EAST: The \$400 Porcelain Cup, or the Story of Germany's Bottomless Pit

(Continued from page 1)
Mr. Tassin and the prince. They arrived in Prince Alexander's ancestral home region ready for a challenge. They knew the phones did not work. They knew the economy did not work. They knew even the workers did not work. But they were confident they could turn it around, and the Treuhand agency proudly displayed the pair as the kind of investors whose cash and creativity would produce Germany's next economic miracle.

Once a world-renowned maker of pieces collected from New York to Moscow, Saxony Porcelain was nationalized under Communist rule. The new investors found a bloated administration, lax production schedules and a work force

of 150, including dozens of highly skilled craftsmen. Mr. Tassin hired engineers from Limoges, fired excess office workers and gradually trimmed the staff by nearly one-third.

In those days, the workers were betting on Mr. Tassin. They had no other horse. And the French investors did improve conditions. They installed heating in the workshops, where workers had to wear gloves in wintertime under Communist management. Mr. Tassin put in fluorescent lighting so workers could see what they were doing in the long, dark winter afternoons.

But after investing \$2.3 million, Mr. Tassin said he found he was nowhere near breaking even.

"We would have to sell a cup for

\$400, and you cannot do that," he said.

Last year, Mr. Tassin grew desperate and went back to the Treuhand, asking the privatization agency to buy back the company.

"I told them, 'This is your tradition, your culture, and I don't want to destroy it.'" Mr. Tassin said. "I offered to give the company back for one mark and just leave, having lost my investment." The Treuhand rejected the deal.

The agency already has sold about 9,500 of the 12,000 companies it originally put on the market. Most of those remaining are considered difficult, if not impossible, to sell. Although the original plan was to shut down companies that could not survive in a market sys-

tem, Chancellor Helmut Kohl recently reversed policy, deciding to try to save the jobs in those doomed enterprises, rather than let market forces rule.

State subsidies may save some jobs, but they will not lure to the East the major manufacturing needed to build a self-sufficient economy.

"Eastern Germany is going to be an economy consisting solely of retail, services and high technology, which provides few jobs," Mr. Tassin said.

Many Germans working to restructure the East agree, saying that the originally anticipated surge of Western investment never happened and, now that Western Germany is falling into recession, will not in the foreseeable future.

NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Table with 5 columns: 12 Month High, 12 Month Low, Div, Yld, PE Ratio, High Low Last Chg.

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AMEX

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

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Consider The Slavic Connection William Pfaff

Rupee Hits Low Amid Float Talk

BOMBAY — The Indian rupee fell to a record low on the Bombay interbank foreign-exchange market Friday on expectations that the currency will be fully floated later this month.

The rupee fell briefly to a low of \$3.04 per 100 rupees in morning interbank trading before recovering slightly to about \$3.05, dealers said. That is equivalent to a rate of 32.8 rupees per dollar. The rupee had closed at \$3.075 Thursday.

"The market is very thin, with small volumes moving the rate, but I expect the rupee to fall further to around \$2.95 soon," said Deepak Benaigal of Citibank in Bombay.

The rupee has been falling steadily from \$3.25 per 100 rupees at the start of the year. A growing number of brokers believe the government will make the rupee fully convertible when the national budget is presented on Feb. 27.

Dealers said exporters had been holding back exchanging foreign-currency earnings until the unveiling of the budget, when the two-tier official and free-market currency system could be modified or even abolished. Under the present partial float, exporters can exchange 60 percent of foreign-exchange earnings at the free-market rate and 40 percent at the official rate.

Some traders believe the government will not risk full convertibility and instead opt for adjusting the exchange split for exporters from a 60-40 ratio to one of 80-20.

Stock prices rose amid the rumors about the possible change in the status of the rupee.

Traders said shares in export companies were the main gainers because they would derive the maximum benefit if the rupee floated.

The Bombay stock exchange index rose 9.08 points to 2,647.62. The national index was up 2.47 points to 1,202.27.

(Reuters, Bloomberg)

World Bank Optimistic On Asia-Pacific Growth

WASHINGTON — East Asia and the Pacific can banish poverty "within a generation or so" if the region's governments can meet the emerging challenges of the 1990s, according to a World Bank report.

The report will be published in March. It said East Asian and Pacific countries had made "a flying start to the 1990s" with average output per capita expanding by 5.2 percent in 1990 and 5.6 percent in 1991, well ahead of the rest of the developing world.

It warned against complacency, however, noting that not all countries in the region had prospered and that "even the good performers have made costly errors in their policy and investment decisions."

"Vigilance, pragmatism, and flexibility — the main features of East Asia's solid performers — must continue for success to be sustained," the report said.

It said South Korea, Thailand and Malaysia were intent on maintaining recent dramatic growth and had "good prospects for doing so." Socialist countries "in transition" accounted for 80 percent of the region's population such as China, Vietnam, Laos and Mongolia.

The island economies of the region — Indonesia, the Philippines and the smaller Pacific islands — will require external resources in the 1990s on a scale much larger than they received during the previous decade.

U.S. Is Turning Up the Heat In Trans-Pacific Air Dispute

United currently flies from Tokyo to Hong Kong, Seoul, Bangkok, Singapore and China. There are no similar restrictions on those routes, a United spokesman said.

The ruling Wednesday night was the first aviation action by the Clinton administration and, coupled with the Northwest ruling two days later, signaled that Washington intended to defend U.S. airlines in the international arena.

"This administration is going to be quite firm to make sure that our foreign partners live up to agreements," a government source said.

The Department of Transportation could implement United's proposal to require Japanese airlines to file information on the number of passengers they carry between the United States and third countries. It could also limit Japan Air Lines' right to carry local passengers between Los Angeles and Brazil.

In the other case, Northwest operates three flights a week from New York to Sydney via Osaka.

Australia's Transport Ministry wants Northwest to restrict the number of passengers between Osaka and Sydney to half the total on two of the three flights, and to carry no passengers between Japan and Australia on the third.

Northwest agreed to abide by the decision at the time but now says it is inconsistent with the bilateral air agreement, said a spokesman for Australia's transport ministry.

John Fordham, a Northwest spokesman in Canberra, said the airline never accepted the restriction. In the last quarter of 1992, 45 percent of the passengers on the Northwest flights flew between New York and Sydney, he said.

Northwest is seeking to ban all 10 of Qantas's weekly onstop flights between Sydney and Los Angeles. But the U.S. Transportation Department said any decision on sanctions will be deferred until after a meeting on the dispute to be held next week in Canberra.

(Bloomberg, Reuters)

Investor's Asia table with columns for Hong Kong Hang Seng, Singapore Straits Times, Tokyo Nikkei 225. Includes line graphs and a table of exchange rates and stock indices.

Positive Signs for Hong Kong Stocks

HONG KONG — Huge demand for shares in Hong Kong company flotations in the last few days shows that the Chinese-British conflict over political change can be resolved, the Hong Kong stock market will surge, analysts said Friday.

"At the moment there is money playing on the fringes of the market, which could become more fundamental and longer-term if the political situation is resolved," said Barry Yates, head of international research at the Asia Equity brokerage.

Frustrated investors faced with an inflation rate hovering around 10 percent and overnight bank deposit rates at just 1.5 percent are attempting to "stag" new share issues. A stag is someone who buys a new securities issue with the intention of selling it immediately on listing at a premium.

Other major avenues for their funds have been closed off as Hong Kong apartment prices have declined in the last few months and the stock market

itself is lackluster due to the dispute between London and Beijing, the analysts said.

Clive Weedon, research director at Nomura Research Institute, said the Hong Kong stock market should have no trouble reaching 7,000 on the Hang Seng index if the political dispute with China was resolved. The index ended 30.8 points lower at 5,747.21 on Friday.

The dispute with China centers on proposals to increase democracy in the territory put forward by Governor Chris Patten of Hong Kong in October. China is bitterly opposed to the proposals, saying they breach Chinese-British accords covering the reversion of Hong Kong to Chinese sovereignty in 1997.

On Thursday, the Cantonese restaurant chain Tak Hain Holdings said its public share flotation was oversubscribed by about 552.4 times, a record for any initial share issue in Hong Kong.

There were applications for 37.4 billion shares, against just 67.5 million offered to the public, the company said.

Campbell and Arnotts Pledge To Lay Takeover Fight Aside

SYDNEY — Campbell Soup Co. and Arnotts Ltd. took steps Friday toward reconciliation as the U.S. company consolidated its hold on a majority of the Australian cookie and cracker maker's shares.

As the hostile bid expired with Campbell holding about 58 percent of the company — but not yet gaining control — the American company said, "We look forward to a successful partnership with our fellow Arnotts shareholders in supporting the directors, management and employees to pursue their best interests for the benefit of all."

Purdy said, "While Arnotts has opposed the bid strongly, we have not done so with the hostility and bitterness often evident in takeover battles. We have worked for over seven years and I am confident we will continue to work with them."

Campbell does not yet control the company because of a 1985 agreement with Arnotts that says it must first hold more than 85 percent of the shares. Until then, Campbell can vote just 14.9 percent of its stock.

Campbell gained a majority of shares Thursday when the Australian Mutual Provident Society sold a 6.3 percent stake in Arnotts.

(Bloomberg, Reuters)

Very briefly:

- South Korea imposed anti-dumping duties ranging from 40.46 percent to 54.28 percent on Chinese phosphoric acid, used in foods and industry, for three years. The action came hours after Beijing diplomats moved into their new embassy in Seoul, the former Taiwan embassy.
- Fujitsu Ltd., Japan's largest computer manufacturer, will reduce its 2,000-strong white-collar work force by some 500 over two to three years by not replacing retired white-collar workers.
- Mitsui & Co. has become General Motors Corp.'s authorized dealer to import and distribute GM cars in Japan.
- Wing Tai Holdings Ltd. of Singapore is selling Inchope House to Singapore units of Hewlett-Packard, for 146.1 million Singapore dollars (\$89.1 million).
- Hongkong & Shanghai Banking Corp. plans to recruit tellers from China for the first time to make up for staff shortages in its Hong Kong branches.
- New World Development Co. of Hong Kong has signed a letter of intent to build the Guangdong section of China's huge superhighway project linking the north with the south and is also discussing a new department-store project in Beijing's busiest shopping center.

INTERNATIONAL FUNDS table with columns for fund names, currencies, and performance metrics. Includes sub-sections for DIVERSIFIED INVESTMENT FUNDS, WORLD MARKET FUNDS, and various regional and thematic funds.

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THE DREYFUS REPORT

FIRST COLUMN

Big Cannons Turning on The Franc

THE consensus among foreign exchange analysts is that Thursday's tiny downward move in German interest rates has sent a signal to the markets. Unfortunately, that signal is, as it always has been, that the Bundesbank is prepared to defend the French franc, right down to the last Frenchman.

To judge from the language emanating from the markets, readers might think that a global war is being waged. In a sense, it is: The mighty warlords of the foreign exchanges this week took aim, fired, and mortally wounded the Irish punt's rating within the European Exchange Rate Mechanism (ERM). Next up in the duckshoot was the Danish krone. But the Danish government has disappointingly failed to play the game, and is prudently waving a white flag rather than donating its foreign exchange reserves to the traders' bonus funds.

The scenario has been more or less the same with each currency, from the Italian lira through the Spanish peseta, the British pound, and this week's victims, the domestic politicians protest flamboyantly and uselessly, interest rates shoot up for a short while, and then defeat is grudgingly conceded by a humiliated, impoverished government.

And now the real fun is to come. The bombers are waiting to leave the runway and drop their payload on that lucrative, stationary target known as the French franc. Top of the league in terms of both reserve spending and extravagant government rhetoric, its fall will also generate the most profits.

Assuming the real question is not if but when the move is made, one likely time is before the French parliamentary elections in March. Political uncertainty and fear of the rise of the ecologists should then be peaking.

The war is over who really calls the financial shots in Europe. The Bundesbank? The Brussels bureaucrats? Our money is on the warlords of the trading screen.

M.B.

Changing Barometer Clouds Index Funds

HERE'S a little investment conundrum: When does "average" really mean "good"? When you're talking about fund performance, according to some skeptics, who point to the apparent inability of the majority of fund managers to beat market indexes.

Supporters of stock picking believe that smart human beings can beat the market, computers and all. "Mediocre" and "no-brainers" are among the unkind adjectives used by critics of index funds, which in their purest form simply buy and hold all the companies in a stock market index like the Standard & Poor's 500.

But the small investors and sophisticated institutional players who poured millions of dollars into U.S. index funds last year clearly think otherwise. The granddaddy of them all, the Vanguard Group's S&P 500 Index Trust, which tracks the performance of U.S. corporate giants like Exxon and General Motors, took in a whopping \$1.8 billion in 1992, swelling its total assets to \$6.7 billion.

Just what is their attraction, then? In a word, performance and low cost. Index funds, which match the index they follow, minus minimal expenses, have consistently beat a substantial number of actively managed funds, where analysts and portfolio managers research, then buy or sell specific stocks and bonds.

Over the decade to the end of 1992, the S&P 500 index returned 331.49 percent, beating two-thirds of general equity funds, which gained 270.22 percent on average. Last year, the Vanguard S&P 500 Trust returned 7.5 percent compared with 8.9 percent for the average equity fund, and still outperformed nearly half the 252 growth and income funds followed by Lipper Analytical Services, the fund data group.

Moreover, investors pay no sales commissions and only fractional operating costs for most index funds, since there is little trading and no research staff to maintain.

The index fund universe currently counts 40-odd funds tracking everything from stock and bond performance for large and small companies to gold and ethical investing. The latest wrinkle consists of funds that will try to beat the index by tracking stock-picking

styles. The Vanguard Group has split the S&P 500 into a value-oriented portfolio comprising underpriced companies with higher yields, and a more volatile growth portfolio of companies with rapid earnings appreciation. Not to be outdone, the rival Dreyfus Group has launched four funds that are even more segmented: a growth fund and value fund for small companies.

But for all their success thus far, there are signs of rockier times ahead for some index funds.

One barometer of change is a shift in the stock market cycle away from the big blue chips, which made the S&P 500 index funds look so good, to smaller companies. This is reflected in the performance of Dreyfus People's S&P Mid-Cap Fund, which tracks the medium-size companies of the S&P Mid-Cap 400. Last year, the Mid-Cap returned 11.91 percent, compared with 7.71 percent for their Dreyfus People's S&P 500 fund.

"In the '80s, the S&P 500 was tough to beat because there were lots of takeovers and leveraged buyouts, which pushed up its value, but I don't think that's going to be the case in the '90s," said Craig Litman, an analyst with the L/G No-Load Fund Adviser newsletter in San Francisco. He believes that the biggest profits in the coming decade will come from small and medium-size companies, a less efficient and under-researched arena, which gives the edge to stock pickers and active management.

Another adviser, Chicago-based Gerald Perritt, thinks index funds have a lot of merit. He agrees that small companies will be where the action is, suggesting a portfolio allocated one-third to a fund like the Vanguard Small Capitalization Fund, which buys stocks in the Russell 2000, a pure play on small companies; one-third to an actively managed small-cap value fund; and one-third to an aggressive small-cap growth fund. "That way you'll capture the overall market with the index, and increase your returns with one of the other two, since not each one will be in style at the same time," he said.

For investors who prefer to do their own shopping for an index fund, here are some points to consider: "Even though it's an index fund, you can't just invest blindly," said Mr. Perritt. "You have to be careful of what you're indexing." For example, even its

Individual Investors' Choice

Asset totals for retail-only funds in billions of dollars.



advocates concede that indexing is not well suited to international markets because of currency fluctuations and weighting by size of markets. The Pacific Portfolio of Vanguard's International Equity Index fund ended last year down 18.3 percent, because it tracked the Morgan Stanley Capital Index, obliging it to keep a hefty 83 percent in the Japanese stock market, which has fallen precipitously in the last three years.

Stelton Jacobs, editor of the No-load Fund Investor, voiced reservations about the new growth and value funds. "They're fine for sophisticated investors, but you're making a judgment, and the beauty of indexing is that you're not supposed to have to."

Next, look at expenses. True index funds have no sales commissions, and minimal operating expenses so that they can perform as close to the index as possible. Vanguard leads the pack on rock-bottom costs, assessing only .20 percent on its S&P 500 fund,

while Fidelity's competing version charged 0.45 percent in 1992. Other funds are only quasi-indexers. An example is the IDS Blue Chip Advantage fund, known as an "enhanced" index fund, whose strategy is to buy only the top performers in each industry from the S&P 500, hoping to better its return with the selective approach. But the fund gained only 6.87 percent last year, compared with the S&P 500's 7.6 percent, worse, its investors forked over a 5 percent sales commission, negating another benefit of indexing.

That, plus the 121 actively managed funds that did not surpass the S&P benchmark last year, goes a long way to explain the allure of indexing as a security blanket for anyone who has ever been burned in an underperforming fund. As Mr. Perritt notes, "There's nothing more disheartening than to have chosen the right category, but the wrong fund."

Skeptics Ask: Who Needs It?

SOME industry skeptics doubt the need for index funds. Others go even further, and question whether the indexes themselves are either necessary or desirable.

Concern among some investment analysts centers on whether the indexes are being created as tools of financial analysis to monitor the financial health of a market, or simply as vehicles to promote the sales of mutual funds.

Whether wanted or needed, indexation has certainly turned itself into a global industry. Investment houses such as Morgan Stanley have specialist arms that create indexes specifically designed to monitor the performance of stocks geographically — by individual country, large geographical area, or worldwide. Indexes are also created to measure the performance of stocks in industrial sectors, which again can be broken down geographically (U.S. avionics, Pacific Rim raw materials, world drug manufacturers, etc.).

"Five years ago, index fund investing was unheard of outside the United States, now it's a global activity," said Chris Poll, chairman of financial analysis and global fund monitoring firm, Microanal.

Mr. Poll cites investment performance as the justification for index funds. When approached by a mutual fund manager thinking of launching index funds in the late 1980s, Mr. Poll was surprised to find that no fund had beaten the market indexes in the United States or in the United Kingdom every year for 10 years.

"Index funds are here to stay. They're a good plain vanilla method of getting exposure to equity markets, and should constitute a core section of most individual's fund portfolios," he added.

Budapest Needs to Bridge Marketing Gap

By Katherine Burton

YEAR ago, Budapest was chosen to host the 1996 World Expo, just what city fathers said they needed to make the city the cultural and business capital of the East.

Their vision is not outlandish. Under "goulash communism," Budapest had closer ties to the West than other Eastern bloc countries, and Hungary has received more

beacon that will solve all of Budapest's ills, but whether they can get their act together and get the infrastructure in place is another matter," said Tim Smart, business editor at Budapest Week, an English-language paper.

In preparation for the exposition, which organizers hope will bring 12 million to 15 million visitors to Budapest during the six months the fair will operate, the government will invest \$360 million in the city's infrastructure. Several new hotels will be built, and streets, transit and subway improved.

efforts are just plain bizarre, like this blurb found in a promotional pamphlet at a mid-range hotel in the center of Pest: "Dear Guest, should you wish to entertain yourself or dance, please, come to the night club of our hotel! International program, reported art performers and an orchestra will make you feel better and come to visit us with pleasure again."

No one would deny that Budapest has much to offer. There are more than 100 thermal baths, and

according to one local paper, is already the destination of several tours, including one from Israel, which brings about 150 visitors to the city each weekend.

In the last six months, three new casinos have opened, bringing the grand total to nine.

But the move toward capitalism has created internal strains within the country, as the gap between poor and rich widens. The posh Rozsdomb district now has more Mercedes and more mansions; but

Transforming this majestic city on the Danube into a center of capitalism and tourism may take a bit more than one big fair.

numerous bars, nightclubs and restaurants have sprung up across the city in recent years.

The cultural scene is also thriving. "There is every music idiom, from Dixieland to modern jazz," said Sean Pagar, travel and culture editor at the English-language Budapest Post. "There is a good opera and ballet, contemporary movie houses, and several underground dance troupes."

But while the quality of the arts is impressive, much of it still remains inaccessible to foreigners.

There is, for example, a strong tradition of pop music in Budapest, but, of course, the groups sing in Hungarian, a barrier to international success. Locomotive GT was the first Hungarian band to try its luck abroad. Although it toured in Europe and the Americas, and was eventually signed by record labels ABC and EMI, its tunes never made it outside Hungary.

Budapest, even with its lack of marketing savvy, has managed to boost the number of tourists throughout the 1980s. The city, ac-

also sees more people begging on the city's streets.

According to Economics Research Institute, a Hungarian research organization, the top 5 percent of workers make eight times more than the bottom 5 percent, an income disparity higher than that in France or Germany and approaching U.S. levels.

The middle class is taking the biggest hit. The government says that 50 percent of the Hungarian population of 10.4 million live at or below the poverty level of \$120 person per month. Of these, two million fell into poverty in the last two-and-a-half years.

The general view is that, over time, Hungary and Budapest will prosper, although it will take more time and training in ways of the West. "There is a natural inclination for Hungarians to be good traders, but what they are weak at is sorting out what the customer wants and providing those services," said Mr. Smart of Budapest Week. "Right now, the customer is not always right."



Capital City

more than half of the \$7 billion total foreign investment that flowed into Eastern Europe since 1989.

And for visitors, Budapest offers many charms while still remaining relatively unspoiled by fast food restaurants and tacky shops selling useless traditional crafts.

But transforming this majestic city on the Danube into a center of capitalism and tourism may take a hit more than one big fair.

"The Expo is held out as a great

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European High Income Bond Fund*	34.3%
European Bond Fund*	38.8%
Global High Income Bond Fund*	50.6%
Intl High Yield Bond Fund*	51.7%
US Dollar Bond Fund*	52.2%
Intl Prime Bond Fund*	61.1%
Global Bond Fund*	62.2%
Yen Bond Fund*	63.0%

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FREE GUIDE

BRIEFCASE

Deutsche Bank Launches Bond Fund in Luxembourg

International fund managers seem to have decided that bond funds are what investors want. The latest in a series of bond-invested funds to be launched this year comes from the Luxembourg-based mutual fund arm of Deutsche Bank. DB Investment Management's new Rendite Extra fund invests in high-return (and commensurately riskier) international bonds and fixed-interest securities.

The idea behind the fund is to enable investors "to participate in high-yielding bond markets at a reasonable risk." Exchange rate risks taken outside European "core currencies" will be hedged. The fund is Luxembourg-domiciled and benefits from liberal income and capital tax laws.

DB Investment Management's less risky Rendite Spezial fund achieved a return of 11.8 percent in 1992, and has grown by more than 16 percent since its launch in June 1991. The firm doubled the amount of funds under management in 1992 to 28 billion German marks (\$45 billion).

For more information on the fund, which has an initial charge of 3 percent, write DB Investment Management, 2 Boulevard Konrad Adenauer, P.O. Box 766, L-2017 Luxembourg; or call Luxembourg (352) 42 1011.

Chicago Options Exchange Creates Index of Volatility

When a prominent financier was asked a couple of epochs ago what the stock market would do, he answered: "It will fluctuate." Safe reply, no way to place a bet on that either way.

It may not be so safe much longer. The Chicago Board Options Exchange said it plans to file for regulatory approval to trade options based on an index it created to measure those fluctuations. The Market Volatility Index, which was developed with a professor of finance at Duke University, is based on an average of the implied volatilities of at-the-money put and call options on the Standard & Poor's 100 index.

Implied volatility, a presumption of the volatility of an underlying security, is one of the factors calculated into the premium an option has over its intrinsic value. Others include the length of time to expiration and the spread between the option's strike price and the market price of the stock or index it is tied to.

LIFFE Will Offer a Contract On Long-Term Spain Bonds

The London International Financial Futures and Options Exchange announced plans to trade a futures contract on long-term Spanish government bonds.

The Spanish bond market is one of the world's largest and has been particularly

CBOE officials say the growth in the use of derivatives, in which volatility figures so prominently in pricing, makes such an index especially important now.

The success of financial decisions frequently depends on the correctness of one's assumption of volatility," the exchange chairman, Duke Chapman, said in a statement. "Volatility can fluctuate widely, impacting substantially pricing of existing positions in derivatives, whether hedged or unhedged."

Dow Industrials Fluctuated in a Narrow Band in 1992

Speaking of volatility, last year had far the least of it by one measure: the trading range of the Dow Jones industrial average. From its low at 3,137 to the peak at 3,413, below the mean of 24.2 percent, the peak volatility year of 1931 saw an 89.9 percent range for the Dow.

This year should have closer-to-normal volatility based on other years that followed by the market analyst James Stack. That would give the Dow a range of 725 to 890 points. That zigging and zagging, he said, will ultimately lead the market lower.

Mr. Stack examined other instances where the Dow stayed in an 8.5 percent band for periods since 1920. "There were 16 such few were pauses in 1920," he reported. "While most signaled some sort of trouble ahead," bear markets in 1926, '66, '73 and '77, and the 1960s mutual fund craze, which gave way to the bear market of 1969-70.

THE MONEY REPORT

U.S. Expatriates Brace for Tax 'Sacrifice'

By Jack Anderson

ONE thing is certain: President Clinton's tax proposals will be unlike Candidate Clinton's tax proposals. That presents U.S. taxpayers, resident and nonresident alike, with two questions to ask themselves: What is he going to do? What action should I take?

During his campaign, Candidate Clinton, unlike his predecessor, did not take a "no tax" pledge and now speaks openly of "sacrifice" rather than "tax reduction."

We have summarized some of the possibilities he has considered in the box at the top of the page, although "nothing has been accepted, and nothing has been rejected."

Even U.S. expatriates with less than \$70,000 (the amount of the foreign earned income exclusion) of total compensation and benefits may be personally impacted by these proposals if their company has them on a "tax equalization program" or if they have passive income not subject to foreign taxes and thus do not have a foreign tax credit to eliminate the increasing U.S. tax.

Expatriates on a "tax protection program" and "local hires" may also be impacted by Mr. Clinton's proposals. A tax equalization program requires the expatriate to pay a "hypothetical" U.S. and state tax to the company as if he had stayed "at home" in the United States for the company paying the generally larger foreign and U.S. tax. The hypothetical tax is also often referred to as the "stay-at-home tax." If the company only pays the foreign tax when higher than the actual U.S. and state tax, it is referred to as a "tax protection program." Finally, if the expatriate receives no tax assistance from the company, he is referred to as a "local hire."

Mr. Clinton will make his State of the Union address and outline his economic proposals to a joint session of Congress on Feb. 17. The specific tax proposals will not be presented until "some time later." Although the higher energy, gasoline and consumption taxes that already exist in Europe may be part of the final U.S. package, there will also be important changes to increase the individual income tax burden.

Due to the general congressional concern that foreign entities do not pay their "fair share" of U.S. taxes, there may also be specific changes affecting foreigners and even expatriates. Certainly, whatever is proposed will be controversial and face stiff opposition by the minority and some members of the majority in Congress.

With the tax proposals in mind, we now look at the impact they may have on various situations of

expatriate employees around the world. Let us take four different typical expatriate situations in France, Britain, Hong Kong and Japan:

EXPATRIATE IN FRANCE

Ray and Shirley are on an expatriate assignment since Feb. 1, 1990. They live in Paris with their three children.

Ray works for a large U.S. multinational company and has a standard expatriate compensation package that includes various overseas allowances, such as housing, cost of living, children's education, home leave and tax equalization. Under the company's tax equalization policy, he is reimbursed for any U.S. and foreign taxes that are in excess of his U.S. and New York City and state hypothetical "at home" tax.

Ray works for the company's European headquarters in Paris. In addition, he spends a substantial part of his time working outside of France, for which he receives French tax exempt earnings in accordance with the provisions of the French tax code.

As a result of various special rulings and treaties, plus internal law

tax benefits for expatriates, his total French income tax liability is considerably reduced. In fact, his compensation package has been structured to tax-effectively that his U.S. and New York State and City hypothetical tax liability covers his worldwide tax cost, and as such, his employer has had the benefit of his highly valued services in France at no extra "tax equalization" cost to the company. However, a dark cloud has suddenly appeared on the horizon in the form of Mr. Clinton's tax proposals.

FORTUNATELY, however, not all of the proposals will have an effect on him. To start with, since his base annual salary and bonus amount to around \$100,000, he will at least not fall into the increased highest marginal income tax rate of 36 percent (up from 31 percent). And this will remain true, even though in addition to his base salary, bonus, and foreign expatriate allowances, Ray is scheduled to exercise a portion of his U.S. nonqual-

Clinton's Most Likely Tax Proposals

- New tax bracket - 33% for married couple filing joint returns with adjusted gross income of \$200,000 or more, after the foreign earned income and housing exclusions.
Increase in medicare part B premium for those with income exceeding \$125,000.
Increased taxation of social security benefits to high income pensioners.
A new 10% surtax on tax attributable to taxable income in excess of \$1,000,000. Applies to estates and trusts as well as individuals.
Enhanced tax enforcement to prevent fraud on unearned income of the wealthy.
GOOD NEWS (How Loss Likely)
Mildly progressive income tax relief. An election promise to claim a child's tax credit.
A possible lower rate of tax on taxable income.

ifying stock options in 1993 that he has accumulated over the past five years. The stock option plan has been "qualified" for French tax purposes. Based on the current high market value of the stock and his low exercise price, he stands to realize \$50,000 of additional income for U.S. tax purposes. But not for French tax purposes since it has been "qualified" for the French rules and the capital gain from a later sale of the U.S. stock by a U.S. citizen is not subject to direct tax in France. Thus, there is no foreign tax credit to offset the U.S. tax liability that Mr. Clinton may increase and he has already used up his annual \$70,000 exclusion to reduce U.S. taxes.

Ray is concerned that due to the president's tax proposals it is likely that his U.S. hypothetical tax will increase, but his employer's costs will remain unchanged. Ray is also concerned since he has a hefty home mortgage on his U.S. residence of \$500,000 for which he previously received the full interest expense tax deduction in his hypothetical tax calculation. If Mr. Clinton's tax proposal is approved, a large portion (half) of his interest expense will be lost since the cap on home mortgages considered for the corresponding interest deduction will be reduced to \$250,000 from \$1 million. In addition, the 3 percent reduction of itemized deductions for adjusted gross income over \$100,000 is likely to increase, which may further decrease any benefit of his deductions. As a result, Ray's total hypothetical federal, state and city income tax will, in fact, be higher than his total actual U.S. and French income tax combined.

In the above example, Ray will bear the burden of Mr. Clinton's tax proposals through his increased hypothetical tax charge. In addition, since his compensation income, including benefits, will exceed \$125,000, he will be subject to higher Medicare Part B premiums. But Ray is a reasonable person and realizes that he should consider himself fortunate to be concerned only by these proposed tax increases. Ray was delighted to learn of Mr. Clinton's tax cut proposal for middle class families of either a \$300-per-child tax credit, or a reduced income tax rate. It is not much, but every little bit helps.

EXPATRIATE IN BRITAIN

John is a U.S. expatriate who has been working in Britain for a U.S. employer for the past four years. His compensation before any expatriate allowances or tax equalization is \$250,000 and he has non-qualified stock options granted over the last six years that must be exercised within 10 years from the date of grant. John has an English wife and two grown children. He is two years from retirement and, besides worrying about where he might retire, also an international family, he is also concerned at what he has heard about the tax changes proposed by Mr. Clinton.

Notwithstanding that he has been able to shelter some of his income from U.K. taxes, his U.S. taxes will rise under the president's proposals. Initially, he thought that with a top U.K. tax rate of 40 percent, the Clinton proposal to raise the top U.S. rate from 31 to 36 percent would not affect him because he could take a credit for his British tax. However, because he is not paying U.K. tax on his investment income, it is exposed to the increase in U.S. tax rates.

In addition, the proposed change in the rate of alternative minimum tax (AMT) from 24 percent to 26 percent (or even 37 percent) will add to his problem as there currently exists a 90 percent limitation in the use of foreign tax credits against AMT. More taxes for John.

John also has potential problems with his vested nonqualified stock options as over the years the stock has appreciated significantly. In addition to the increased income tax that would be payable on exercise, it may also have the effect in the year of exercise of causing his income to exceed \$1 million. This would make him "eligible" for the proposed surtax of 10 percent on tax paid on income exceeding \$1 million. He will have to exercise options within a reasonably short period after he retires and will not have much scope to spread the exercise over a number of years to avoid the potential 10 percent surtax. An additional problem for his employer is that, under a parallel proposal affecting corporations, compensation in excess of \$1 million is not deductible for corporate tax purposes. Before the end of 1992 there were some spectacular examples of well-known U.S. executives who exercised millions of dollars worth of stock options to avoid both the surtax and to aid their employers in receiving a full corporate reduction for the compensation realized.

John also faces some U.S. gift and estate tax problems. Even without the Clinton proposals he has U.S. estate tax planning difficulties. Because his spouse is not a U.S. citizen, he cannot readily pass assets to her upon his death due to the limitations in claiming the marital deduction. In the place of marital deduction, there is currently a \$100,000 per year gift tax exemption. John originally planned to use

his \$600,000 lifetime exemption to its maximum. However, the Clinton proposals include the possible reduction of this lifetime exemption to \$200,000, thus bringing an additional \$400,000 into John's taxable estate.

EXPATRIATE IN JAPAN

Jim and Mary moved to Tokyo within the past year as a result of Jim's transfer to the trading group of a U.S. investment banking firm with a large office in Tokyo. Before the move, Mary also practiced law as a corporate lawyer for a well-known law firm in the United States. She had been with the firm for five years and was making a strong showing in her progress toward admittance to the firm's partnership.

At some time in the future, Jim and Mary want to have children, but Mary also plans to continue her career after the children are at a suitable age. Because Mary did not want to abandon her career plans as a result of Jim's transfer, she continued working with the law firm in the United States for the first six months of Jim's assignment in Tokyo. After that, she was able to secure a good position with the Tokyo office of a smaller, but well-respected, U.S.-based law firm.

Before Mary moved to Tokyo in July of 1992, Mary and Jim would alternate in traveling to visit each other in Japan and the United States for long weekends.

Now that Mary has started her new position in Tokyo, she is spending about 40 percent of her time traveling within the Pacific region pertaining to client matters. Jim's business travel schedule is not as demanding, but he does make periodic business trips to his firm's offices in Hong Kong and Singapore. As a result of their divergent schedules, they do not have the time together they would like to have. Their schedules also severely limit the opportunity for them to discuss their financial situation and related planning. Nonetheless, they are both very pleased with their positions in Japan and the opportunities to expand their horizons on an international setting.

Although Jim and Mary are well versed in financial affairs and they have always handled their money matters in a professional manner, now that they are living outside the United States they do not have quite the same opportunity to their investment advisors as when they were working in the United States. Furthermore, as a result of their employment in Japan, their tax situation has become much more complicated. Not only are their U.S. tax matters much different as a result of foreign earned income exclusions and foreign tax credits, but they also are subject to Japanese income taxation.

Jim's employer has a tax equalization program to reimburse him for the excess of local over home taxation, as described above. However, this tax reimbursement policy does not take into consideration Mary's income. As a result, it is extremely difficult for Jim and Mary to navigate the tax matrix, which includes their actual U.S. and Japanese tax, and also the theoretical tax under the firm's equalization policy, which covers part of their combined taxable income.

The final blow is now in the making with the anticipated U.S. tax law revisions, with the Clinton administration having already targeted people such as Jim and Mary as those to be the hardest hit. That is not to say that Jim and Mary feel unjustly targeted, but rather that it will add yet another layer of complexity to an already complex tax situation.

OF the possible U.S. tax law changes that the Clinton administration might consider in order to raise revenues and thereby reduce the U.S. budget deficit, each will have an impact on Jim and

Mary immediately and far into the future. Yet, to even marginally comprehend the effects these U.S. tax law changes will have on them, and more importantly what they should do to minimize the impact, could conceivably consume hundreds of hours of their time and the time of their advisers.

Some of the changes Jim and Mary actually expect include tax rates, a 36 percent bracket on higher-income individuals, an increase

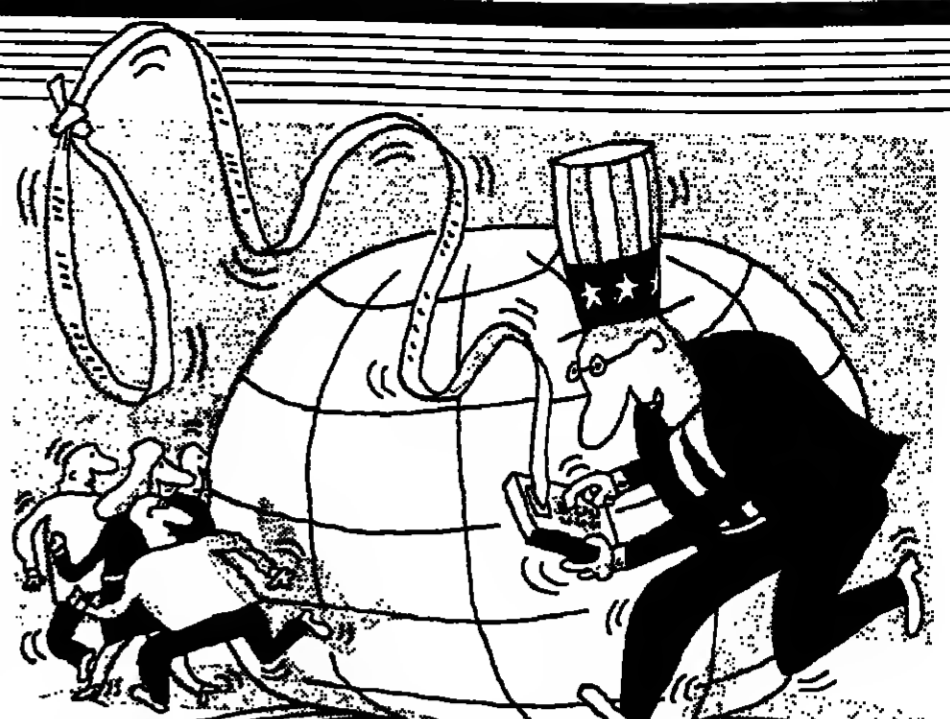


Illustration by [Name]

EXPATRIATE IN H.K.

Richard and another U.S. citizen are entrepreneurs and each owns 50 percent of a boutique merchant bank in Hong Kong providing financial advice to companies throughout Southeast Asia. His business has been quite successful, generating millions of dollars in fees for the company and enabling Richard to earn a salary in excess of \$1 million in each of the last several years. In addition, as a result of the relationships he has made, he has had an opportunity to make several significant investments, which have appreciated over the years.

One area in which Richard can certainly expect change is in his marginal income tax rate, which is 31 percent. We can expect that rate to increase this year. It is likely that the increase will not be enacted until the middle of the year so that its full impact will not be felt until 1994. If this is the case, he should be prepared to take his 1993 bonus (which you would ordinarily receive in 1994) before the end of 1993. This change could also be useful if Congress enacted a surtax on income over \$1 million. By shifting income from 1994 to 1993, that income would be subject to a lower tax rate.

It could happen that if tax rates on ordinary income increases, the tax rate on long-term capital gains would decrease. Currently, the long-term capital gains rate is 28 percent. With the possibility of a lower rate, Richard may want to delay disposing of his investments that have appreciated. If capital gains rates do come down, he would take advantage of this by disposing of investments that could benefit by the lower rate. You can never tell when the best time for revenue would induce the Congress to increase this rate again.

Richard is interested in acquiring a ski property as a second home. Under current law, he is limited to deduct interest for a primary and secondary residence to the ex-

EXPATRIATE IN U.S.

Richard may want to develop an alternative to his long-term strategy of investing in tax-exempt bonds. As part of a new tax package, the tax exemption for state and local bonds may be eliminated. Investing in such bonds compared with investing in taxable bonds is essentially a decision based on which provides the best after-tax returns. Eliminating the exemption will clearly affect such computation. He should, however, consider whether such a change could present an investment opportunity. On such a short-term basis, if said tax-exempt bonds are grandfathered, they may trade at a premium price. If he considers this likely, he may want to consider acquiring a significant position in tax-exempt securities with a view to capital gains upon a change in the law.

What Mr. Clinton and Congress do over the next few months will have an important impact on all U.S. expatriates, who, as Internal Revenue Service officials have reiterated on tours abroad, remain subject to U.S. taxation on their worldwide income (less deductions, exclusions and credits). And the annual filing of a tax return is, of course, mandatory.

Sections of this article were prepared by the following Ernst & Young personnel: David Ellingford in London; Bill Church in Tokyo; Jason Felton, in Hong Kong; and Inga Baran in Paris.

Jack Anderson is a tax partner in the HSD Ernst & Young Paris office.

Table with columns: January Market Scoreboard, Best Performers, Worst Performers. Lists various market indices and their performance metrics.

No. 1 OFFSHORE COMPANY SPECIALISTS. Includes list of countries: U.K., J.K., SAHAMA, B.V., DELAWARE, GIBRALTAR, HONG KONG, IRELAND, ISLE OF MAN, JERSEY, PANAMA, SAMOA. Also includes contact information for Richard Dixon.

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SPORTS SKIING

Germany's Vogt Wins Combined Gold in Japan

Compiled by Our Staff from Dispatches SHIZUKUISHI, Japan — Miriam Vogt of Germany won the women's combined competition at the world skiing championships on Friday, and Picabo Street of the United States surprised the field to win the silver.

Street, the second racer of the day, turned in a stunning downhill run, finishing the Mount Kotakura course in 1 minute, 26.64 seconds.

Only two racers were able to get within a second of her, and one was Vogt, who is among the best downhillers in the world. Vogt placed second in 1:26.87 and with her second in Thursday's slalom portion of the event, easily won the gold.

"I'm very happy with the good result," Vogt said. "It was good skiing and I enjoyed it. There was a bit of wind but I skied well. The reason was hard training."

Vogt, with a history of confrontations with the German ski team, became her country's first female world champion since 1978.

Said Street: "I'm very happy and very surprised. I felt really good after my run and I was psyched with my skiing. I think to win, to know that I was the fastest one here today, is the best thing."

Anita Wachter of Austria, who had won the slalom portion, won the bronze medal.

After Wachter shaded Vogt by .02 seconds in the slalom, it was expected that those two would battle for the gold.

The race was run in brilliant sunshine with little if any wind, a decided departure from the blizzard conditions of the previous two days.

Organizers took advantage of a break in the bad weather to stage the downhill portion of the men's combined. Luc Alphand of France won it in 1:32.19, .68 seconds clear of the field.

Kristian Ghedina of Italy was second and A.J. Kitt of the United States was third.

More important than the result was the relative placing of the men expected to contend for the combined medal. Of those, Austria's Gunther Mader had the best downhill, placing sixth in 1:34.29.

Marc Girardelli of Luxembourg, winner of the three World Cup combined events this season, finished 10th. Kjetil Andre Aamodt, second to Girardelli in two combined events this season, was 12th.

The organizers on Friday released a two-option timetable for Saturday, depending on weather conditions.

If conditions are good, the women's downhill, called off on Thursday because of falling snow and high winds, was to go ahead on the Mount Kotakura piste, while the third official men's downhill training run was to take place on neighboring Mount Takakura.

But if the weather breaks, the men's combined event is to be decided with the slalom.

(AP, Reuters) Miriam Vogt soaring to victory on Friday in the combined event.



Polian Is Dismissed As Bills' Manager

By Gerald Eskenazi

Bill Polian, the bold and highly regarded general manager of the National Football League's Buffalo Bills, has been dismissed, four days after his team became the first one to lose three straight Super Bowl games.

John Butler, the Bills' director of player personnel, was named his successor.

Apparently this was not a case of an unhappy owner with a winning-is-everything philosophy. Rather, there had been longstanding differences between Polian, 50, and Ralph Wilson, 74, the Bills' owner.

In fact, Polian said Thursday in a statement: "Just prior to the start of the regular season, Mr. Wilson and I met in Detroit. He informed me that he wanted to restructure the front office. He reaffirmed that position this week."

Wilson, whose financial empire includes auto-parts manufacturing plants and four television stations, was said by his Detroit office to be unavailable for a few days. The Bills said that Polian's departure would have no effect on Coach Marv Levy and his staff.

Butler, 46, was also given the title of executive vice president. The Associated Press reported on Friday.

"John is a competent, stable worker," Wilson said in a statement. "I have every confidence in his ability to lead the club and maintain the standard of excellence we have enjoyed over the years."

It was apparent that Polian's tenure was coming to an end, even before the Bills were trounced by the Dallas Cowboys, 52-17, last Sunday in the Super Bowl. The defeat was Buffalo's third straight in the championship game.

He still had at least another year on his contract, but he was being mentioned for the vacant general manager's job at New England.

Polian joined the Bills' front office in 1984. When he was elevated to general manager in 1986, the Bills had put together consecutive seasons of 2-14.

Three years earlier, they had failed to sign their top draft pick, Jim Kelly, who went to the U.S. Football League, then new.

Noting the weather in Buffalo, Polian said, "You must have a strong running game and a strong defense to win here."

A gritty quarterback didn't hurt either, so Polian signed Kelly after the USFL folded. In 1987, he made the complex, three-way deal with the Kansas City Chiefs, where Polian had worked for him as a scout.

He became a Pro Bowl linebacker. The Kelly and Bennett deals were sandwiched around Polian's selection of Marv Levy as head coach late in the 1986 season. Levy was an almost-forgotten 58-year-old who had wound up as the operations director of the Montreal Alouettes in the Canadian Football League. Five years earlier, he had been dismissed as head coach of the Kansas City Chiefs, where Polian had worked for him as a scout.

The Bills went on to win the AFC East title four straight seasons before making the playoffs as wild-card entrant (with an 11-5 record) last season.

SIDELINES

Details of Schott's Ban Reported

CINCINNATI (UPI) — Marge Schott, owner of the Cincinnati Reds, will be allowed to discuss key business decisions with the club's general manager during her one-year suspension, a newspaper reported Friday.

The Cincinnati Enquirer said the terms of Schott's suspension were outlined Thursday by an unidentified high-ranking baseball official. Baseball's executive council on Wednesday voted to suspend Schott for one year and fine her \$25,000 for making racial and ethnic slurs.

In addition to being allowed to discuss important club decisions with General Manager Jim Bowden, whom she appointed to run the team, Schott also will be allowed to watch Reds games from the field-level, blue box seats after May 1. The newspaper said she also would be allowed to be involved in negotiations and disputes involving radio and television contracts; banking relationships, including financial arrangements; and nonplayer commitments exceeding \$500,000.

Piggott's Return Postponed in Dubai

DUBAI, United Arab Emirates (Reuters) — The veteran British jockey Lester Piggott's long-awaited return to racing was postponed on Friday by desert rains and the death of a member of Dubai's ruling family.

Piggott, 57, had been due to race for the first time since being crushed by his horse, Mr Brooks, in October during the Breeder's Cup in Florida. He was to ride in four of the seven races scheduled on Friday at a Dubai track. The Emirates News Agency said the races would be held Sunday.

No official reason was given for the postponement, but heavy rain fell on Thursday night and the emirate marked the death on Friday of an elderly member of the Maktoum family with an official mourning period.

Frost Leads Pebble Beach by a Shot

PEBBLE BEACH, California (Reuters) — David Frost of South Africa continued his outstanding putting to claim a one-stroke lead over Mark Brooks on Thursday after the opening round of the Pebble Beach National Pro-Am.

Frost, winner of four events spread over three continents last year, needed just 25 putts to record seven birdies and only one bogey on the Pebble Beach course. Brooks also played at Pebble Beach, where most of Thursday's low scores were recorded. Stan Uley, Davis Love, Bob Lohr and Sam Randolph and Australians Steve Elkington and Brett Ogilve were two strokes behind at four-under-par 68. They all played at either Pebble Beach or Poppy Hills.

In Singapore, Nick Faldo of Britain remained joint leader of the Singapore Classic on Friday after two rounds, tied at five-under-par 135 with his compatriot Colin Montgomerie.

Criquiellon to Appeal to High Court

BRUSSELS (Reuters) — The former world cycling champion Claude Criquiellon is to appeal to Belgium's Supreme Court in an attempt to win damages from Steve Bauer of Canada, whom the Belgian says cost him a second world title.

Criquiellon's lawyers announced the new round of the legal battle on Friday, the news agency Belga reported. Bauer collided with Criquiellon, a Belgian, at the finish of the 1988 world professional road race. In March, a lower court cleared the Canadian of involuntary or involuntary wounding. An appeal was overturned last week in Ghent.

Criquiellon, who won the world title in 1984, accused Bauer of riding him off the road at the world championships in Renaix, Belgium, when he seemed certain to win. Criquiellon tried to squeeze between Bauer and the barrier as the Canadian led a three-man sprint for the line. The Canadian veered into his path and Criquiellon accused him of using his elbow to block him. The Belgian crashed into a policeman and fell, and Maurizio Fondriest of Italy beat a fading Bauer to win the race.

IOC Denies Campaigning for Nobel

LAUSANNE, Switzerland (AP) — The head of the International Olympic Committee denied a report that the organization hired a top public relations firm to campaign for the Nobel Peace Prize.

"The International Olympic Committee categorically denies that it has asked Grey/GCI, or any agency, to campaign for the Nobel Peace Prize for the IOC or its president," Juan Antonio Samaranch, the IOC's president, said in a statement issued by the committee's headquarters on Thursday. Francois Carrard, the IOC's director general, also denied the story, which was published in the Norwegian newspaper Arbeiderbladet.

"Any source expressing a different view is either wrong or has been misquoted," Carrard said in a letter to the newspaper. "As director general, I can assure you that we have never had any intention of using Grey or any PR agency for such an assignment."

For the Record

The San Diego Yacht Club has accepted two syndicates for the 1995 America's Cup Defender Selection Series, one headed by Dennis Conner and another headed by Kevin Mahaney and John Marshall, the club announced on Thursday.

Britain and Sweden became the first countries to confirm that they will send teams to the 1994 Winter Olympics in Lillehammer, Norway, the International Olympic Committee said Friday.

Quotable

Alexander Mogily of the Buffalo Sabres, after failing in his bid to become only the sixth National Hockey League player to score 50 goals in 50 games: "I'm not from a different planet. I'm human, man."

Primo vs. Butch: Rivalry Played Out in Courts and the Press

By Christine Brennan

WASHINGTON — An apology. Now Primo wants an apology. The ruthless czar of worldwide track and field is asking Butch Reynolds to drop to his knees and say he's sorry for all the embarrassment he has caused Primo Nebiolo and his cronies in the International Amateur Athletic Federation.

And that's not all. Primo would like one other thing: While you're at it, Butch,

like it. This cost Reynolds the spot he earned in the 1992 Summer Olympics, not to mention hundreds of thousands of dollars in endorsements and winnings. Now, if Reynolds doesn't do as Primo wishes, the IAAF is considering suspending him some more.

What did Reynolds do to deserve this kind of treatment? He chose to fight a positive steroid test that was handled so shabbily it would have been laughed out of any court in the land.

As the indoor track and field circuit winds its way to Washington this weekend, the biggest rivalry in the sport remains the sad, troublesome battle between Reynolds and Nebiolo. Nearly eight months after reaching the U.S. Supreme Court, where Reynolds won the right to run at the U.S. Olympic trials, the two are at it again. Primo sits in Rome and waits for Reynolds to crack. Reynolds, a man whose strength exceeds his speed, steadfastly refuses to crumble.

To understand their fight, to realize how utterly unfair the IAAF has been to Reynolds, we must travel back to Aug. 12, 1990, to a small drug-testing room at a track meet in Monte Carlo. Reynolds provided a urine sample to be tested, as he had done dozens of times before in his stellar career. This time, for the first time in his life, it came back positive.

But there were problems. The IAAF violated about a half-dozen of its own guidelines in testing the urine. Reynolds wasn't allowed to separate the two urine samples himself. The sample bottles (there are always supposed to be two, marked A and B) were not sealed and were not packaged securely. Instead of being sent immediately to a lab in Paris, the bottles spent two nights in two different refrigerators: one in the home of the doping control officer, the second in the country house of the officer's mother.

After the containers reached Paris, tests proved sample A and sample B did not come from the same person. And so it went. The official who tested the urine also was testing other athletes' urine at the same time, and twice wrote down that the urine containing the steroids was that of an East German athlete, not Reynolds.

Undaunted, the IAAF called it a "routine case" and kicked Reynolds out of the sport for two years.

ANYBODY COULD have tampered with Reynolds' samples, if they even were his. Athletes, especially world-record holders, occasionally express the fear that their careers can be torpedoed by a technician in a dark lab in a faraway place. Their only recourse is to appeal to the group that runs the test, the IAAF.

After losing to Primo, Reynolds went to

the U.S. courts. It's no surprise he won there. But Primo doesn't listen to U.S. courts. The Olympics were in Spain, where U.S. courts meant nothing, so Primo won again and Reynolds went home.

But the 400-meter man wasn't done yet. He came back and won the \$27.3 million in a courtroom in December and began training again to run this winter. And Primo plotted to stop him once more.

So, the other day, Reynolds stood in a crowded hotel conference room and answered 50 questions about the law and five about sports. Track and field is one of an increasing number of sports in which public relations people hand out two things at news conferences: press releases and copies of court decisions.

Reynolds stood alone. There was no phalanx of athletes beside him for the photo op. No sponsor stood with him. No U.S. track and field official. No U.S. Olympic Committee hoocho.

This is sad. From an American perspective, this case is so clear cut, a no-brainer, that one would figure Reynolds would be shooting supporters away. The men and women who run U.S. corporations that sponsor IAAF events would love to drape the flag around Reynolds, right? The USOC or USA Track and Field want to make him their cover boy, right? Well, perhaps not. Privately, U.S. officials say they're hesitant to stick their necks out for an athlete in a sport so rife with rumors of steroid use. And Reynolds has the stigma, even though there is no way in the world that Monte Carlo drug test could prove he used steroids.

Vantage Point

why don't you just rip up that U.S. federal court order that says we owe you \$27.3 million in damages?

Do that, Butch, and you're free to run on any track in the world, just like nothing ever happened.

To which Butch Reynolds has said, appropriately and without hesitation: "Read my lips — no."

You'd think by now the aptly named Primo would just leave Butch Reynolds alone. What more could Nebiolo do to this world-record holder from Columbus, Ohio? Primo took away two years of Reynolds' career with a drug suspension, stole another four and a half months because, well, because he just felt

DENNIS THE MENACE



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CALVIN AND HOBBES



BLONDIE



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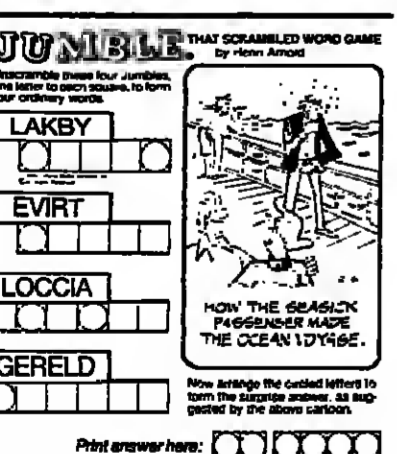
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SPORTS

سورة من الاحول

Dokes and Bowe Weigh In as Fit for Title Fight

Heavyweights: The Tale of the Tape

The tale of the tape after the weigh-in for the world heavyweight title fight on Saturday in New York between Riddick Bowe, the champion, and Michael Dokes:

Table with 3 columns: Measurement, Riddick Bowe, Michael Dokes. Rows include Height, Weight, Neck, Reach, Chest (Normal), Chest (Expanded), Bicep, Forearm, Wrist, Fist, Waist, Thigh, and Calf.

By Michael Martinez
NEW YORK—Maybe all that tongue and clam sauce actually helped Michael Dokes lose a few pounds this week. Dokes, who appeared to live it up while training only occasionally for Saturday night's heavyweight title fight against the champion, Riddick Bowe, surprised himself and his camp when he stepped on the scales at Thursday's weigh-in.

decision against Jose Ribalta, he was a robust 258. The days of 225 pounds are apparently over. "He could never make that weight again," Slayton said. "He never really fit."

matchmaker, Bobby Goodman, tried to rescue an embarrassing situation. "Don't turn around," he implored. Dokes ignored him. Before the weigh-in, Gordon conceded that he was somewhat concerned about Dokes's condition.

No. 33 Is Retired to the Rafters as Celtics Bid Farewell to Larry Bird



During the ceremony in Boston, Larry Bird opened Magic Johnson's Lakers jacket, revealing a T-shirt from the arch-rival Celtics.

By Christopher B. Daly

There was no game, but tickets priced the same as for games went quickly. It was quite a tribute to a man who, by his own admission, could not run very fast or jump very high. The "Hick from French Lick."

5 Nations: Is England Beatable?

LONDON—A 16-15 home victory over France has put England on the road to an unprecedented third Grand Slam in a row in rugby's Five Nations Championship. Ironically, it also has given hope to England's rivals.

Last-Gasp Illinois 3-Pointer Sinks No. 9 Hawkeyes, 78-77

The Iowa players had already celebrated what they thought was a victory: Iowa went ahead 77-75 when a rebound deflected into the basket off the hand of an Illini player.

COLLEGE BASKETBALL
No. 13 Wake Forest 65, N.C. State 54: In Raleigh, North Carolina, Rodney Rogers scored 21 points and Randolph Childress added 20 as Wake Forest defeated N.C. State in the sixth straight Atlantic Coast Conference game.

seven games, missed his first six shots and finished with just 10 points as the Ramblers' Rafael Lopez led to a 10-8, 6-4 Big West) for the first time in their last 27 games—a streak that dated from Jan. 3, 1972.

in the first half as the Green Wave (16-3, 6-0) built a 35-29 lead over the Hoopes (8-8, 1-5). No. 21 Utah 88, Wyoming 64: In Salt Lake City, Byron Blush and Mark Rydzek scored 16 points each, Josh Grant contributed 14 points and 14 rebounds and Phil Dixon added 12 points as the Utah (16-3, 9-1) rolled over the Cowboys (10-9, 4-6) in a Western Athletic Conference game.

Against an English front-row trio that has been capped a total of 98 times, Wales has named debutants Nigel Meek and Ricky Evans alongside Hugh Williams-Jones, who has made just six appearances.

SCOREBOARD

BASKETBALL

NBA Standings table with columns for Team, W, L, Pct, GB.

Major College Scores

Table with columns for Conference, Team, Score.

BASEBALL

Table with columns for Team, Score.

TENNIS

Table with columns for Event, Winner, Score.

BASKETBALL

Table with columns for Team, Score.

FOOTBALL

Table with columns for Team, Score.

BASEBALL

Table with columns for Team, Score.

BASEBALL

Table with columns for Team, Score.

BASEBALL

Table with columns for Team, Score.

SKIING

Table with columns for Event, Winner, Time.

SOCCER

Table with columns for Team, Score.

TRANSACTIONS

Table with columns for Team, Player, Position.

TRANSACTIONS

Table with columns for Team, Player, Position.

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DAVE BARRY

The Cabinet Maker

MIAMI—Allow me to be the first professional news commentator to point out that the Clinton administration has failed. Look at the evidence. Bill Clinton has been president for more than two weeks now, and:

- The national debt is still enormous.
• The world is still rife with oppression, famine and genocide.
• George Steinbrenner is still at large.

The time has come to ask: What went wrong? How could failure have come so quickly to Bill Clinton, who started out with so much promise, so many ideas, such a large volume of hair? As is so often the case with great historical issues, we will not truly know the answer until we read the next sentence.

The answer is, Clinton wore himself out selecting his cabinet. Previous presidents didn't waste a lot of energy on this task. They appointed cabinet members pretty much at random from a small pool of wealthy, golf-playing, respected, establishment white males, replacing them as they became indicted. (Ronald Reagan had to wait for the World Almanac to be published to find out who was in his cabinet.)

It didn't MATTER who the appointees were, because under our constitutional system of government, most cabinet members have no actual duties other than to pose for their official oil portraits. The only cabinet members with responsibilities beyond that are:

- The secretary of state, who is required to fly to the Middle East every three weeks to deliver a historic peace initiative, to be placed with all the others in the huge, climate-controlled Peace Initiative Storage Facility;
• The secretary of the Treasury, who signs all the money;
• The surgeon general, who treats the blisters on the Treasury secretary's hand. (For the benefit of those of you who care about the facts, let me note that the surgeon general is not, technically, a member of the cabinet. The surgeon general is, technically, on the Supreme Court.)

Sure, sometimes in the news you see Photo Opportunities of the president sitting with his full cabinet around a big table, everybody frowning and looking important,

but you never hear what actually goes ON in these meetings.

PRESIDENT: O.K., so we want, let's see... 14 jelly doughnuts and nine powdered sugar, am I right?

CABINET MEMBER: And a prune Danish.

PRESIDENT: Who the hell are you?

CABINET MEMBER: I'm secretary of vegetable and mineral affairs.

PRESIDENT (suspiciously): Let's see your cabinet membership card. (He examines the card.) You bonehead! This expired in 1978! You were in the CARTER cabinet.

CABINET MEMBER: Whoops!

Then along came Bill Clinton, who owed his election to the approximately 17,000 feisty special-interest groups we like to call "the Democratic Party." Clinton could not merely select traditional random white males. Instead, he spent what seemed like the better part of 1992 in a grueling effort to select a cabinet that, as he put it, "looks like America," by which he meant, "looks like one of those comically artificial TV commercials so determined to exhibit one member of every major minority group that they practically make the actors wear large signs with labels like 'ORIENTAL.'"

CLINTON: I'm pleased to announce that I'm appointing to the critical cabinet post of secretary of fisheries and hatcheries, a person who is not only a person of gender, but also a learning-disabled diabetic Norwegian-American Southern person of partly Aleutian descent.

REPORTERS: What is this person's name?

CLINTON: I have no idea.

So he was clearly exhausted by the cabinet selection process, and that was just the beginning. He also had to find appointees of the correct ethnicity and gender for the thousands of other key positions in the many crucial agencies that make up the vast, ever-mutating, money-sucking blob we like to call "the federal government." This was a MASSIVE job. No wonder that, after all this appointing, Clinton has no energy left to be president. I'm getting tired just THINKING about it. Wake me up when it's 1996.

Knight-Ridder Newspapers

Rosemary Clooney, a Happy Singer Again

By Deborah Grace Winer

NEW YORK — Under iron-gray New York skies they start to gather at 8 A.M. By lunchtime, there are several thousand. A sea of silver hair blankets the Winter Garden at the World Financial Center. They are her people, people who ignored blizzard warnings and came by bus and subway and car from Queens and Staten Island and New Jersey to see an old friend.

She finally appears, a grandmother in wire-rimmed glasses with a cold, singing love songs, and they cheer and shout "Rosie!" The young professionals by now cramming the stairway and hanging from the galleries are caught up in the enveloping aura of this finger-snapping mama who sings and swings, and for an hour it's as if city life is suspended. There is only the music and Rosemary Clooney.

Clooney, who found stardom in the 1950s when her recording of the novelty song "Come On-A-My House" became a runaway hit, is at her peak these days. Much has changed since she was that young girl with the honey-colored looks and curly hair who starred with Bing Crosby in "White Christmas." There is nothing retro about her — no theatricality, no camp, no glamour of a bygone era.

At 64, the Rosemary Clooney who has emerged over the last decade as an icon of classic pop and jazz is a hip earth mother, intuitive, intelligent, without pretense, coloring her visions of the pop repertoire with a healthy, soothing, introspective warmth.

She seems to have finally exorcised the baggage of her 25-year "comeback trail" since a nervous breakdown. For her 1992 album, "Girl Singer," Clooney has received her first Grammy nomination since 1960. The release this month of her new album, "Do You Miss New York?," coincides with her fifth annual monthlong engagement at Rainbow and Stars in Manhattan.

"Thirty years ago I sang this song to your parents," she likes to say to the young audiences who are discovering her in increasing numbers. "Now I'm singing it for you." But though the songs may be the same, they're not really the same. Clooney brings to them a new perspective fed by years of personal anguish and the reordering of her world.

"Her girl," says Linda Ronstadt, who performed at Clooney's 1991 Carnegie Hall concert, "is that when she sings a song, you see it exactly the way it was when it was first born, with that first painful or joyous impulse that brought it to life."

Visiting with Rosemary Clooney is exactly like listening to her music. At a snow-covered country inn, where she was preparing for a concert at the Palace Theatre in Stamford, Connecticut, one immediately feels comfortable with her straight-on manner and dry Irish humor, punctuated by a rolling sarcasm-touched laugh.

Maternal of heart and figure, her existence is centered on her five children (from her marriage to Jose Ferrer, who died last year) and seven grandchildren. "I started to sing 'Come In From the Rain' recently — which is a love song actually — and I found myself thinking about my children," she says. "At different times in your life with the same song, you think about what's most important, where the relevance is."

Peace hasn't come easily for Clooney. In the early days she was compelled by Columbia Records to record a string of songs she had little affinity for, but which made her a star at 23. In addition to "Come On-A-My House," which she grew to adore, she had hits like "Bohcha Me," "Mambo Italiano," "Hey There" and "Tenderly" — her favorite of the early songs, which she insisted on recording.

Her tremendous popularity landed her on the cover of



Rosemary Clooney with grandson Nathaniel Botwick at the Palace Theatre in Connecticut, and circa 1953.

Time. With every success the treadmill of recording, movie, television, nightclub and concert obligations accelerated, and the exorbitant fees she received went into running a household in Beverly Hills, which included her five young children, a staff of seven and a husband from whom she would soon separate.

Then came the crash. Divorced from Ferrer, she became dependent on barbiturates, which began to take the opposite effect on her. Sleepless, she campaigned exhaustively in 1968 for her friend Robert Kennedy, and the night he was assassinated, she was there. Afterward, she was seized by the delusion that he wasn't really dead.

Angry with audiences who kept clamoring for "Come On-A-My House," and displaying increasingly erratic behavior, culminating in a nighttime drive up the wrong side of a mountain road, she was hospitalized. As her mental health was restored, she began eight years of analysis and group therapy.

When Clooney emerged from her illness, virtually no one would hire her. Despite a reputation built up over 20 years as a highly professional performer, she had been branded a bad risk. She had lost her pleasure in singing and it showed, but she needed money and took whatever jobs she could find, working Holiday Inns on weekends.

"Sometimes people stumbled into the place accidentally," she says. "Sometimes they wouldn't pay attention, especially when I was not singing very well; then they'd talk.

But it was worthwhile, because I got right back to basics." While she re-evaluated her personal priorities, learning to cook, planting a garden and caring for her school-age children, she also rethought her relationship to music.

"Because I didn't have the high pressure of a big career for those years," she says, "I could come to the singing freshly." Eventually, it was Bing Crosby who started her comeback by hiring her to accompany him on tour.

New to her was the ability to express deep emotion, something she had always found difficult. Because of her early material and a deceptively casual style that lacked the flash or drama of, say, a Peggy Lee, Clooney was for a long time relegated to the artistic realm of the "pleasant."

"Sometimes I wince listening to some of the records that I've made because it gets terminally cute," she says. "But that's O.K. I really like some of the long lines, the purity." It is in the last decade that she has done her most meaningful work. "Do You Miss New York?" — arranged with a small jazz combo — illustrates how Clooney's life and music have converged. Interpreting a range of material from "Route 66" to ballads like "I Wish You Love," it is pure Clooney.

Deborah Grace Winer, co-author of "Sing Out, Louise! 150 Stars of the Musical Theater Remember 50 Years on Broadway," to be published in September, wrote this for The New York Times.

PEOPLE

Bye-Bye Big Apple? Latest on Letterman

Big Apple or Lala land? David Letterman, who will switch from NBC to CBS later this year, plans to move his late-night talk show to Los Angeles, according to the New York Post. CBS denied the decision has been made. The newspaper said the show's staff was informed of the change Thursday, just before a rally at city hall begging the comedian not to leave New York. Letterman's departure would be a "terrible psychological blow" to New York and would cost the city \$50 million in tourist revenue and production costs, said Councilman John Sabatini. Another councilman passed around a Top 10 list of reasons why Letterman should stay in New York. Among them: "Lala land" is an even dumber slogan than "Big Apple."

Ivana Trump, proving again that there is life after the Donald, will surface this spring on the Home Shopping Network, presenting her own line of clothing and jewelry. This is the latest in a series of career changes for Ivana, 43, who previously tried writing steamy novels and modeling.

The British government has denied that Queen Elizabeth is to get a new £80 million (\$115 million) "floating palace" to replace her 40-year-old royal yacht Britannia. A Buckingham Palace spokesman said it was too early to say what conclusions a government review of Britannia would reach, after a £17 million refit last year. The ship costs £11 million a year to run. Britannia is paid for out of the defense budget, partly because it could be used as a hospital ship in time of war. But Defense Minister Archie Hamilton has acknowledged for the first time that it would never be used for that purpose, prompting complaints from opposition. Labor Party politicians say the country could not go on paying for the queen's ship.

For the fourth straight year, comedian Billy Crystal will host the 65th Annual Academy Awards ceremony March 29 in Los Angeles.

INTERNATIONAL CLASSIFIED Appears on Pages 4 & 7

WEATHER

Table with weather forecasts for Europe, Asia, North America, Middle East, Latin America, and Oceania. Columns include location, today's high/low, and tomorrow's high/low.

WEATHER



IT TAKES ALL KINDS

By Nancy Nicholson

A crossword puzzle grid with clues listed on the left and right sides. Clues include 'Oppose', 'Warm overcoats', 'Cager Frazier's nickname', etc.

BOOKS

LOSS OF EDEN: A Biography of Charles and Anne Morrow Lindbergh. By Joyce Milton. 520 pages. \$25. Reviewed by Peter Kurth.

BOOKS

Thompson, columnist for the New York Herald Tribune, whose attacks on Lindbergh before World War II were scathing to the point of libel. Did the Lindberghs have a "happy" marriage? Is there any way to tell? Milton makes it plain that Anne was often lonely, and "moody" Charles, by all accounts a "moody" and difficult character, was "used to having his own way in everything."

BOOKS

Solution to Puzzle of Jan. 6-7. A grid of numbers and letters corresponding to the crossword puzzle.

Advertisement for AT&T USA Direct Service. Features a large image of a globe and the text 'Speed up the approval process.' Includes a table of international access numbers for various countries like Australia, Bahrain, Belgium, etc.